

Annual Report 2020



Credit Suisse International

Annual Report 2020

Board of Directors as at 30 April 2021

John Devine (Chair and Independent Non-Executive)

David Mathers – Chief Executive Officer (CEO)

Alison Halsey (Independent Non-Executive)

Doris Honold (Independent Non-Executive)

Andreas Gottschling (Non-Executive)

Debra Davies (Independent Non-Executive)

Christopher Horne (Deputy CEO)

Caroline Waddington – Chief Financial Officer (CFO)

Ralf Hafner – Chief Risk Officer (CRO)

Jonathan Moore

Nicola Kane

Company Secretary

Paul Hare

Company Registration Number

02500199



John Devine

Non-Executive

Board member since 2017

Professional history

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

Education

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

Other activities and functions

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



David Mathers

Chief Executive Officer

Board member since 2016

Professional history

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

Education

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

Other activities and functions

The Mathers Foundation, Donor
European CFO Network, member
Academic awards and grants at Robinson College, Cambridge, Sponsor



Alison Halsey

Non-Executive

Board member since 2015

Professional history

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

Education

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

Other activities and functions

Guildfordians Rugby Football Club Limited, Company Secretary

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

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

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

Ambitious about Autism, Trustee



Doris Honold

Non-Executive

Board member since 2020

Professional history

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

Education

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

Other activities and functions

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

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

Zopa Limited, Non-Executive Director

Climate Bonds Initiative, Trustee



Andreas Gottschling

Non-Executive

Board member since 2018

Professional history

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

Education

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

Other activities and functions

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



Debra Davies

Non-Executive

Board member since 2019

Professional history

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

Education

1984	BA (Hons) Business Studies, Thames Valley University
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Other activities and functions

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



Christopher Horne

Deputy Chief Executive Officer

Board member since 2015

Professional history

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

Education

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

Other activities and functions

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



Caroline Waddington

Chief Financial Officer

Board member since 2017

Professional history

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

Education

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

Other activities and functions

St Giles Trust, Trustee
NameCo (No.357) Limited, Director
Brook House (Clapham Common) Management Company Limited, Director



Ralf Hafner

Chief Risk Officer

Board member since 2020

Professional history

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

Education

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

Other activities and functions

2 St. Philips Road Residents Association Limited, Director



Jonathan Moore

Board member since 2017

Professional history

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

2000	BSc Mathematics, University of Nottingham
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Other activities and functions

Association for Financial Markets in Europe, Director



Nicola Kane

Board member since 2018

Professional history

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

Education

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

Other activities and functions

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

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Strategic Report

Credit Suisse International at a glance

Business Model

Entity Structure

Credit Suisse International ('CSi' or '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 dormant branch operations in Amsterdam, Madrid, Milan and Stockholm. 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 28 February 2020. These branches will be closed when 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 capabilities. Founded in 1856, CSG has a global reach today, with operations in over 50 countries and a team of more than 48,000 employees from approximately 150 different nations. It is the ultimate parent of a worldwide group of companies (collectively referred to as the 'CS group'). CSG prepares financial statements under US Generally Accepted Accounting Principles ('US GAAP').

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

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

In addition, Global Trading Solutions ('GTS') was created within the IB through the combination of the successful businesses of International Trading Solutions ('ITS') and Asia Pacific Solutions. GTS is a cross-asset integrated platform driving collaboration across the IB, APAC, IWM and SUB divisions. A Sustainability, Research & Investment Solutions ('SRI') function was also

launched at the CS group Executive Board level, underlying the sharpened focus on sustainability. The former Risk Management and Compliance functions were also combined into a single integrated Chief Risk and Compliance Officer function. All allocations for corporate functions and funding costs have been aligned to the new organisational structure. The operating businesses are supported by focused corporate functions, consisting of: Chief Financial Officer, Chief Operating Officer, Chief Risk and Compliance Officer, Sustainability, Research & Investment Solutions, General Counsel and Human Resources.

CSi is one of the principal booking entities for CSG's Investment Banking business.

Financial statements

The CSi Financial Statements are presented in United States Dollars ('USD'), which is the functional currency of the Bank. They have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 ('IFRS') and the applicable legal requirements of the Companies Act 2006. In addition to complying with international accounting standards in conformity with the requirements of the Companies Act 2006, the consolidated financial statements also comply with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union ('EU-adopted IFRSs'). The Directors present their Strategic Report, Directors' Report and the Financial Statements for the year ended 31 December 2020. The Financial Statements were authorised for issue by the Directors on 30 April 2021.

Purpose

In line with CS group's purpose to build lasting value by serving its clients with care and entrepreneurial spirit, CSi supports economies through its activities and plays 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 delivering client-centric sales and trading products, services and solutions across all asset classes and regions as well as advisory, underwriting and financing services. CSi range of products and services includes global securities sales, trading and execution, capital raising and comprehensive corporate advisory services. Additionally, the Global Trading Solutions platform provides centralised trading and sales services to the CS group's other business divisions. CSi's clients include financial institutions and sponsors, corporations, governments, ultra-high-net-worth individuals, sovereigns and institutional investors. CSi recognises the importance of its relationships with stakeholders. 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 provide a comprehensive range of investment banking services and 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 Investment Banking clients. The strategy encompasses the provision of solutions for other divisions, and businesses, including wealth management clients; and the provision of Merger and Acquisitions ('M&A') and underwriting and arrangement services, and bilateral or syndicated loans, for corporate clients.

CSi believes that it is well-positioned for the post COVID-19 market environment, and will benefit from the expected recovery in M&A and asset finance and increased capital markets activity driven by leveraged finance. CSi intends to continue to strengthen the connectivity to the CS group Wealth Management-related businesses, particularly through GTS, delivering institutional-style solutions to Wealth Management clients and the newly established mid-market advisory team in IWM.

CSi is focused on disciplined investment in people, capital and technology in the market leading businesses across equities, fixed income and capital markets and advisory.

Following the UK's withdrawal from the European Union ('EU'), subject to certain exceptions, CSi completed the transfer of EU clients and EU venue-facing businesses to entities in the EU. Management aims to transfer all core businesses out of Credit Suisse Securities (Europe) Limited ('CSS(E)L') to CSi during 2021, which will simplify the UK business model, improve resolvability and optimise financial resources resulting in a consolidation of activities across the core UK Investment Banking legal entities into CSi.

CSi is part of CS group's commitment to integrating sustainability across businesses and operations and the creation of SRI. The aim is to provide a single "House View" with a focus on super-trends and sustainability. CS group is also committed to driving their own transition, including the commitment to achieve net zero emissions from operations, supply chain and financing activities no later than 2050. The ambition is to provide sustainable investment solutions at the core of the offering to wealth management clients. CS group is extending the breadth and depth of the offering by integrating Environmental, Social and Governance ('ESG') into the investment processes through the proprietary Credit Suisse Sustainability Framework.

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 its clients a range of interest rate, currency, equity and credit-related products. CSi's business focuses 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 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.

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

Growth driven by one principal division

Following the structural changes at the CSG level, CSi conducts business in one principal division, the Investment Bank, primarily made up of a combination of the pre-existing GM and IBCM businesses.

The structural changes announced by CSG are intended to improve effectiveness, drive efficiencies and capture future growth opportunities. These strategic actions make CSG and CSi well positioned to grow revenues and deliver sustainable returns whilst maintaining cost and capital discipline. It will also enable investment in growth areas.

Investment Bank Business Profile

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

The principle businesses within CSi IB are Cash Equities and Prime, Credit, GTS and Capital Markets and Advisory.

Cash Equities and Prime

Cash Equities provides a comprehensive suite of offerings, including: (i) sales trading, responsible for managing the order flow between clients and the marketplace and providing clients with trading ideas and capital commitments, identifying trends and delivering the most effective trade execution, (ii) high touch and program trading, exchange traded funds ('ETFs') and advanced execution services ('AES') platform, which executes client orders and makes markets in listed and OTC cash securities, ETFs and programs, providing liquidity to the market through both capital

commitments and risk management. AES is a sophisticated suite of algorithmic trading strategies, tools and analytics that facilitates global trading across equities, options, futures and foreign exchange. By employing algorithms to execute client orders and limit volatility, AES helps institutions and hedge funds reduce market impact.

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

Credit

Credit is made up of both Global Credit Products ('GCP') and Securitised Products. GCP is a client focused franchise that offers expert coverage in credit trading, sales and financing. CSI offers private and public debt offerings across the credit spectrum, including leveraged loans, high yield and investment graded cash as well as systematic trading. GCP is a leading market maker in the credit derivatives market including credit default swap ('CDS') index suite, liquid single-name credit default swaps, sovereign CDS and credit default swaptions. CSI offers a comprehensive range of financing options for credit products including committed financing (bridge and mezzanine finance), repurchase agreements, short covering, total return swaps and portfolio lending. The Collateralised Loan Obligations ('CLO') origination business structures, prices and distributes new CLO issues. GCP customers include financial sponsors and corporate issuers as well as hedge funds, banks, insurance and pension companies, asset managers and CLO managers.

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

GTS

GTS is a cross-asset integrated platform formed in 2020 driving collaboration across the IB, APAC, IWM and SUB divisions. GTS brings together Equity Derivatives and Fixed Income and Wealth Management Sales and Execution businesses from across ITS and APAC Markets. It merges the regional and global models to ensure a robust, cohesive product and sales engine to drive growth and efficiencies.

Capital Markets

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

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

Advisory

CSI advisory advises clients on all aspects of M&A, corporate sales, restructurings, divestitures, spin-offs and takeover defence strategies.

Business Strategy

Effective 1 August 2020, the globally-integrated, client-centric platform consolidates sales and trading, underwriting and advisory capabilities enabling IB to achieve critical scale, maximise global connectivity and reduce earnings volatility.

The structural changes make IB well positioned to grow revenues and deliver sustainable returns while maintaining capital discipline. Focus remains on maintaining leading market shares as well as investing in growth areas. The strategy includes increasing M&A footprint in the high growth technology and healthcare sectors, developing tailored products and solutions across ESG and private markets and investing in electronic technology.

Other

Corporate Centre

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

European Union ('EU') Exit Strategy

The United Kingdom left the EU on 31 January 2020, with completion of the Transition Period on 31 December 2020, resulting in CSI, a UK based bank, losing access to certain EU clients and markets.

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

- broker/dealer in Spain, CSSSV, for trading activities (Markets in Financial Instruments Directive ('MIFID') products and services), with branches in Amsterdam, Stockholm, Paris and Milan;
- banking entity in Germany, Credit Suisse (Deutschland) AG ('CSD'), for lending products/services; and
- CSI currently has branches in Amsterdam, Stockholm, Madrid and Milan. The businesses in the Amsterdam, Stockholm and Milan branches were transferred to branches of CSSSV during 2020.

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

EEA clients in a permissive regime, have the option to continue trading with CS group UK entities. For EEA clients not in a permissive regime, any new trading activities need to be conducted from the CS group EU entities. At the end of the transition period (31 December 2020), whilst the majority of in-scope EEA clients migrated to the EU entities (e.g. those not in permissive regimes), they have largely not opted to novate their existing positions to the EU entities. Novation requests are expected to increase throughout 2021. Existing EEA client positions that have not been novated will remain in the CS UK entities until they cease to exist (e.g. until maturity or terminated by the client). 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 31 – Discontinued Operations and Assets and Liabilities 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. 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 impact of COVID-19 on operations and business.

CSi delivered a resilient performance in 2020. The performance section details the profitability during 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 from derivative transactions in the first half of the year. In addition, refer to Note 8 – Allowance for Credit Losses which showed an increase of USD 13 million on CSi's accrual based instruments and Note 34 – Expected Credit Loss Measurement. CSi's total balance sheet increased primarily due to its large derivative portfolio, which was caused by market pricing movements, coupled with an increase in cash collateral.

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 to be the necessary actions to safeguard operations while ensuring the safety of its teams. In addition, CSi established and continues to support numerous measures for its employees to help overcome the challenges of the pandemic, including working from home measures or split working arrangements as well as paid family leave in all markets in which schools are closed for colleagues who are unable to work from home while also looking after their children or other family members. Also, no employees were furloughed under the Government's Coronavirus Job Retention Scheme ('CJRS'). To contribute to the communities in which CS group operates, CS group set up a bank-wide donor-advised matching program, launched to encourage employee donations to charities.

Going concern

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

In considering going concern, the directors have reviewed the capital, liquidity and financial position of CSi including future capital, liquidity and financial plans to the end of 2022, including under a series of systematic stress scenarios.

The directors have also considered the market developments during the year caused by COVID-19 and subsequent events in 2021 including in March 2021, when a US-based hedge fund failed to meet its margin commitments to CSi, and as a result CSi has recorded losses of approximately USD 5,269 million in 2021.

Following these losses, management executed a number of actions to support CSi's capital position and CSi has capital and liquidity surpluses to all regulatory and internal limits and is forecast to maintain its capital surplus through to the end of 2022.

Credit Suisse AG ('CS AG') has shown intent to support CSi both for capital and liquidity over the next 18 months and CS AG supported CSi by providing extra liquidity in 2021 during the US-based hedge fund default.

CSi has reviewed its financial forecasts and following the significant credit loss incurred in March and April 2021, CSi is due to return to profitability from 2022 onwards.

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 Board's assessment that CSi is a going concern.

Political and Economic environment

2020

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

The Bank of England's ('BOE') Monetary Policy Committee ('MPC') sets monetary policy with the aim of meeting the 2% inflation target, to help sustain growth and employment. The inflation rate at the end of 2020 was 0.6%. The bank rate was 0.1% (31 December 2019: 0.75%) following two emergency interest rate cuts announced during March 2020, in response to the Global COVID-19 pandemic. This is the lowest rate on record. The MPC voted unanimously for the BOE to maintain stock of sterling non-financial investment grade corporate bond purchases at GBP 20 billion, continue with existing programme of GBP 100 billion of UK government bond purchases; and the BOE to increase the target stock of purchased UK government bonds by an additional GBP 150 billion, to take the total stock of governments bond purchases to GBP 875 billion. All of these were financed by the issuance of central bank reserves.

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

The sterling ('GBP') exchange rate index against the United States dollar ('USD') ended the year at 136.72, an increase of 3% since 31 December 2019. COVID-19 and the uncertainty of the UK's exit of the EU resulted in the rate plummeting to 114.58 on 19 March 2020. Since then, it has steadily increased to reach its 2020 peak on the last day of the year. The last week of the year saw the approval in the UK of the Astra Zeneca vaccine for COVID-19 which contributed to this peak.

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

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

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

Looking Forward

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

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

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

Accounting environment

Replacement of Interbank Offered Rates ('IBOR')

A major structural change in global financial markets is in progress with respect to the replacement of interbank offered rate ('IBOR') benchmarks. There is significant international and regulatory pressure to replace certain IBOR benchmarks with alternative reference rates ('ARR's). There are significant risks

associated with the transition, including financial, legal, tax, operational and conduct risks and the risk of an untimely transition due to a lack of client or market readiness. However, CSi believes certain opportunities related to the transition also exist in the areas of product innovation and development, business growth and strategy and client communication and engagement.

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

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

- Operational readiness and resiliency: by the end of 2020, the bank was operationally ready to support new products in most markets in which it was active. CSi engaged with our third party vendors and/or developed in-house solutions to prepare for the demand from our clients;
- Legal contract assessment and repapering: CSi increased its capacity to review contracts on a large scale throughout the Bank and have conducted an initial assessment of a significant portion of the legacy book. While client interest in active remediation of legacy contracts remains at low levels, CSi are well prepared to ramp up this activity and continue with legacy contract remediation in 2021;
- Product development and industry engagement: CSi has continued to participate in national working groups in all of our main markets and actively support the initiatives developed in these forums. CS group supported and were amongst the initial signatories of the International Swap and Derivatives Associations, Inc. (ISDA) IBOR Protocol, a solution developed to address the large number of bilateral derivatives in a cost-effective manner;
- Risk management and mitigation: to manage transition risk, CS group implemented a group-wide policy to limit new IBOR-referencing business and control the wind-down of legacy exposures in advance of the cessation dates. Accordingly, divisional plans are being developed to ensure timely compliance with the policy and limits therein. CS group modelling and

risk management systems have mostly been revised to accommodate the transition and were successfully tested when the central clearing houses conducted their transition to alternative USD and EUR discounting models in 2020. The majority of our pricing models have been reviewed and where needed updated, preparing to meet the demand for new ARR-products. As our clients continue to sign up to the ISDA IBOR Protocol, over 80% of the legacy portfolio effectively has robust, integrated fallbacks, significantly reducing the transition risk in our derivatives portfolio; and

- Strategic Transition Planning and Communication: aligned with regulatory guidance on the transition, CSi's businesses have developed and ratified their own transition plans. While certain product details and conventions remain to be agreed upon across the markets, CSi believe that these plans position us to be prepared and to optimally service our clients during and after the transition. Over forty thousand of CS group's employees have been trained for taking our counterparts on this journey and we have informed and initiated an early discussion with many of our clients.

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

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

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

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

Other

The CSi group has also adopted the Amendment to IFRS 3 Definition of a Business.

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

Regulatory environment

EU Benchmark Regulation

CSi administers seven families of non-significant benchmarks and, as such, successfully registered with the FCA as a benchmark administrator in accordance with the EU Benchmark Regulations ('BMR') as at 1 January 2020. On 1 January 2021 (due to UK's exit from the EU), CSi's status changed to that of a 'third country' benchmark administrator and its administered benchmarks were automatically transferred from the European Securities and Markets Authority ('ESMA') register to the FCA's new UK Benchmarks Register. Under EU BMR, administrators and users of non-EU third country benchmarks benefit from an extension to the transition period until 31 December 2023 (under UK BMR, it is until 2025). Preliminary discussions are taking place regarding CSi's potential endorsement by Credit Suisse Group's EU broker dealer, as an EU benchmark administrator.

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 working closely with CS group to ensure that the CS group wide recover and resolution capabilities meet the expectations of the UK regulatory authorities. CSi will ensure that these capabilities will sufficiently maintain critical functions provided to the UK economy through any stabilisation, resolution or restructuring.

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

Operational Resilience and European Banking Authority ('EBA') Outsourcing

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

The implementation of the EBA Outsourcing Guidelines across EU entities within CS group, including CSi, is continuing. The EBA Guidelines and PRA proposals are broadly aligned and certain of the PRA's additional proposals will, if adopted, be included in the EBA implementation with UK specific requirements, e.g. Senior Managers and Certification Regime ('SMCR') requirements, to be delivered locally through CSi's Outsourcing Governance framework. CSi was actively involved in reviewing and responding back to both of these consultation papers through

industry groups and is expecting feedback and policy statements in the first half of 2021.

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

CSi will be registering as a Securities Based Swap Dealer ('SBSD') pursuant to the US Security and Exchange Commission's ('SEC') implementation of Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act. Accordingly, CSi will be subject to SEC rules relating to non-security based swaps, including capital, margin and segregation, business conduct requirements, record keeping and reporting, trade acknowledgment, risk mitigation and mandatory clearing 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 SBSD rules through compliance with comparable UK regulatory requirements. The implantation required to meet these requirements by the registration date, and for certain rules, compliance day on 6 October 2021, is underway.

UK Onshoring

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

Sustainability

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

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

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 Sustainable Finance action plan. These proposals include the establishment of a unified taxonomy of sustainable economic activities, disclosure requirements relating to the consideration of ESG factors in risk processes and the creation of a new category of benchmarks which will help investors compare the carbon footprint of their investments. There are also proposed related amendments to product governance, suitability and appropriateness and product disclosure requirements under the Markets in Financial Instruments Directive ('MiFID II').

Also, new legislation enacted in 2019, "The Companies (Director's Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, requires disclosure of operational greenhouse gas emissions (from building heating and electricity

use) and is effective from 1 April 2019. This is the first financial year CSi must comply with the new requirements.

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

Performance

Key Performance Indicators ('KPIs')

The Bank uses a range of KPIs to manage its financial position to achieve the Bank's objectives. Profitability and Risk Weighted Assets ('RWA') are regularly reviewed at the business line level to

promote the drive towards the maintenance and optimisation of profitable and capital efficient businesses.

	2020	2019 ^{1,2}	2018 ⁴	2017 ³	2016 ⁴
Earnings					
Net profit/(loss) before tax (USD million): ¹					
Continuing operations	191	163	57	(142)	(227)
Discontinued operations	10	27	17	–	29
Total	201	190	74	(142)	(198)
	2020	2019	2018	2017	2016
Extracts from Consolidated Statement of Financial Position (USD million):					
Total Assets ²	290,246	226,248	231,753	249,579	332,381
Total Asset growth/(reduction)	28.29%	(2.38)%	(7.14)%	(24.91)%	(17.11)%
Return on Total Assets	0.07%	0.08%	0.03%	(0.06)%	(0.06)%
	2020	2019	2018	2017	2016
Capital (USD million):					
Risk Weighted Assets	106,476	77,108	103,983	104,871	126,723
Tier 1 capital	20,520	20,293	21,270	21,080	21,023
Return on Tier 1 capital	0.98%	0.94%	0.35%	(0.67)%	(0.94)%
	2020	2019	2018	2017	2016
Liquidity (USD million):					
Liquidity Buffer	13,663	16,255	15,685	17,892	20,240

¹ 2019 numbers have been restated to disclose the impact of discontinued operations. Details are included in Note 31 – Discontinued Operations and Assets and Liabilities Held for Sale.

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 2017.

⁴ Discontinued operations in 2016 and 2018 relate to a portfolio transfer of derivatives and securities in the Asia Pacific division to another CS group entity.

Capital

Risk Weighted Assets ('RWA') have increased by USD 29 billion to USD 106 billion (2019: USD 77 billion) primarily due to the higher concentration risk charge on intercompany trades and market volatility due to the impact of COVID-19. The concentration risk charge increased due to higher intercompany secured financing and OTC derivative volumes. Market volatility drove an increase in market risk due to an increase in back-testing exceptions. There have been no capital repatriations during the year.

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

2020, however the FPC maintained the 0% rate for the 12 months of the current reporting period.

Capital Resources

The 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.

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 year.

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

→ Changes in senior and subordinated debt are set out in Note 30 – Debt in Issuance.

→ Changes in capital are set out in Note 33 – Share Capital and Share Premium.

Liquidity

CSi maintains a strong liquidity position and also has a letter of intent from Credit Suisse AG ensuring support for meeting CSi's debt obligations and maintaining a sound financial position for the next 18 months. The increased liquidity usage seen through the initial stages of COVID-19 has reversed and all regulatory and internal metrics are in compliance on a spot and forward looking

basis. The Bank did not breach any liquidity regulatory limits during 2020.

The liquidity buffer reduced by USD 2.5 billion to USD 13.7 billion (2019: USD 16 billion) primarily due to contingent liquidity risk reductions (reduced provision of commitments) leading to a reduction in High Quality Liquid Assets ('HQLA') requirements.

Commentary on Consolidated Statement of Income

	2020	2019 ¹	2018 ³	2017 ²	2016 ³
Consolidated Statement of Income (USD million)					
Net revenues	2,312	2,049	1,875	1,401	1,494
Total operating expenses	(2,121)	(1,886)	(1,818)	(1,543)	(1,721)
Profit/(Loss) before tax from continuing operations	191	163	57	(142)	(227)
Profit/(Loss) before tax from discontinuing operations	10	27	17	–	29
Profit/(Loss) before tax	201	190	74	(142)	(198)
Income tax benefit/(expense) from continuing operations	12	150	(7)	(82)	2
Income tax expenses from discontinuing operations	(2)	(4)	(8)	–	–
Profit/(Loss) after tax	211	336	59	(224)	(196)

¹ 2019 numbers have been restated to disclose the impact of discontinued operations. Details are included in Note 31 – Discontinued Operations and Assets and Liabilities Held for Sale.

² All operations were reported as continued in 2017.

³ Discontinued operations in 2016 and 2018 relate to a portfolio transfer of derivatives and securities in the Asia Pacific division to another CS group entity.

The CSi group has maintained its profitability reporting a net gain attributable to shareholders of USD 211 million (2019:

USD 336 million). Profit before tax for the CSi group was USD 201 million (2019: USD 190 million).

Net Revenues

	2020 ²	2019 ^{2,3}	Variance	% Variance
Reconciliation of reportable segment revenues (USD million)¹				
Total Revenues				
- Cash Equities and Prime	117	50	67	134%
- Credit	435	227	208	92%
- GTS	1,594	1,176	418	36%
- Capital Markets	220	219	1	—%
- GTS Management	(274)	(74)	(200)	270%
- IB Other	93	157	(64)	(41)%
Investment bank	2,185	1,755	430	25%
APAC	57	4	53	1,325%
Corporate centre	93	(28)	121	432%
Other	15	8	7	88%
Total reportable revenues	2,350	1,739	611	35%
Transfer pricing agreements	176	161	15	9%
Cross divisional revenue share	55	47	8	17%
Treasury funding	15	490	(475)	(97)%
Shared services	23	(17)	40	235%
Provision for credit losses	(17)	(2)	(15)	(750)%
CSI group to primary reporting reconciliations	45	19	26	137%
Net revenues as per Consolidated Statement of income	2,647	2,437	210	9%
Of which net revenues – discontinued operations	335	388	(53)	(14)%
Of which net revenues – continued operations	2,312	2,049	263	13%

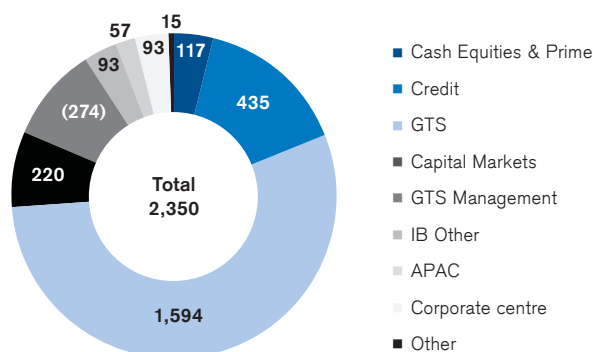
¹ In accordance with IFRS 8, Reportable segments are reported above under US GAAP, as reviewed by the Board of Directors.

² On 30 July 2020, the CEO of CSG announced the CSG Boards decision to create a single, globally integrated Investment Bank, through the combination of the existing GM, IBCM and APAC Markets businesses to achieve critical scale. 2019 net revenues have been restated to reflect the change in business roll up.

³ 2019 numbers have also been restated to disclose the impact of discontinued operations. Details are included in Note 31 – Discontinued Operations and Assets and Liabilities Held for Sale.

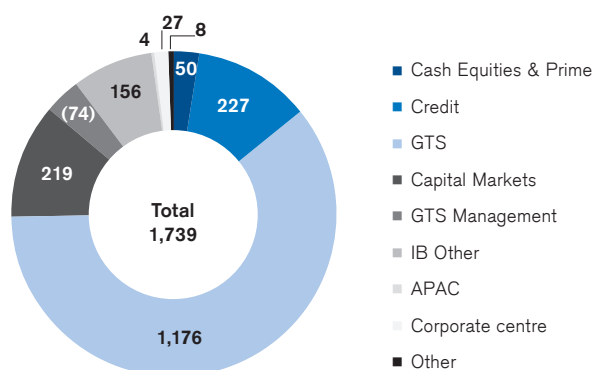
Revenues of each reporting segment, including continued and discontinued, are as below:

2020 (USD million)



In 2020, IB revenues (including continued and discontinued) increased by 25% to USD 2,185 million primarily in GTS, Credit and Cash equities and Prime products. All three businesses reported higher revenues due to the extraordinary market volatility as a result of the COVID-19 pandemic and increased client activity throughout the year. The majority of the increase in revenues in GTS was driven by transactions with one particular client. GTS Management revenues made losses of USD 274 million primarily due to losses booked from hedge fund insolvency and counterparty defaults. This was coupled with higher Single Global

2019 (USD million)



Currency ('SGC') payouts being made to other CS group entities and divisions as part of internal revenue collaboration deals.

APAC revenues increased by USD 53 million due to higher revenues from structured transactions linked to SGC revenues from other divisions as part of cross divisional collaboration deals.

Corporate Centre made profits of USD 93 million driven by lower exit costs in ARU due to a smaller portfolio in 2020, coupled with

higher profits made on structured notes primarily from own credit spread movements following the extreme volatility in 2020.

Net revenues outside of reportable segments, were also impacted by a reduction in treasury income of USD 475 million mainly due

to the lower interest rate environment driving lower funding costs to the business and ultimately lower returns on Tier 1 Equity. This was coupled with an increase in the cost of 400 day funding as Debt in issuance doubled in 2020.

Expenses

	2020	2019 ¹	Variance	% Variance
Operating expenses (USD million)				
Compensation and benefits	(957)	(998)	41	(4)%
General, administrative and trading expenses	(1,481)	(1,248)	(233)	19%
Restructuring expenses	(8)	(1)	(7)	>100%
Total operating expenses	(2,446)	(2,247)	(199)	9%
Of which operating expenses – discontinued operations	(325)	(361)	36	(10)%
Of which operating expenses – continued operations	(2,121)	(1,886)	(235)	12%

¹ 2019 numbers have also been restated to disclose the impact of discontinued operations. Details are included in Note 31 – Discontinued Operations and Assets and Liabilities Held for Sale.

The CSi group's operating expenses increased by USD 199 million to USD 2,446 million (2019: USD 2,247 million).

The decrease of USD 41 million in Compensation and benefits is mainly attributed to a decrease of USD 39 million due to the valuation of deferred compensation awards linked to CSG share price.

General, administrative and trading expenses have increased by USD 233 million due to:

- Increase of USD 82 million in net overheads due to higher transfer pricing pay-aways on the back of increased revenues;
- Increase of USD 64 million in professional services due to increased costs from global service companies driven by the implementation of a cost destination program, resulting in new charges from non UK service companies and higher project consultancy and outsourced services;
- Increase in brokerage and clearing house fees of USD 45 million driven by higher distribution fees on structured notes and commission expenses due to increased derivative activities; and
- Increase of USD 40 million due to additional impairment in One Cabot Square, due to six floors no longer being required, as part of right sizing the London campus floor space.

The effective tax rate for the period to December 2020 is lower than the UK Statutory tax rate. Material items decreasing the effective tax rate are prior year adjustments to current tax liabilities and deferred tax balances, the reversal of the impairment of deferred tax assets and the effect of a change in the statutory tax rate on deferred tax balances, offset in part by the impact of UK bank corporate tax surcharge, permanent differences and non-recoverable withholding taxes. Similarly, the effective tax rate for the period to December 2019 was lower than the UK statutory tax rate. In that period, the material items impacting the effective tax rate were the reversal of impairment of deferred tax assets, permanent differences, non-recoverable withholding taxes and prior year adjustments.

The CSi group has incurred substantial taxes in the UK during 2020, including Bank Levy of USD 37 million (2019: USD 14 million), employer's national insurance of USD 105 million (2019: USD 106 million) and irrecoverable UK value added tax ('VAT') of USD 54 million (2019: USD 25 million). As disclosed in the additional Country-by-Country Reporting, Corporation taxes paid in United Kingdom ('UK') for CSi are USD 18 million (2019: USD 9 million). The CSi group has paid USD 2 million (2019: Nil) in taxes in branches located outside the UK.

Commentary on Consolidated Statement of Financial Position

Extracts from Consolidated Statement of Financial Position (USD million)	2020	2019 ¹	Variance	% Variance
Assets (USD million)				
Interest-bearing deposits with banks	14,486	12,205	2,281	19%
Trading financial assets mandatorily at fair value through profit or loss	188,620	143,021	45,599	32%
Non-trading financial assets mandatorily at fair value through profit or loss	25,516	22,294	3,222	14%
Other assets	44,566	33,223	11,343	34%
Other (aggregated remaining balance sheet assets lines)	17,058	15,505	1,553	10%
Total assets	290,246	226,248	63,998	28%
Liabilities (USD million)				
Trading financial liabilities mandatorily at fair value through profit or loss	164,364	126,830	37,534	30%
Financial liabilities designated at fair value through profit or loss	29,788	21,115	8,673	41%
Borrowings	2,436	14,116	(11,680)	(83)%
Other liabilities	32,418	22,596	9,822	43%
Debt in issuance	31,597	14,008	17,589	126%
Other (aggregated remaining balance sheet liabilities lines)	6,636	4,797	1,839	38%
Total liabilities	267,239	203,462	63,777	31%

¹ 2019 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 31 December 2020 the CSi group had total assets of USD 290 billion (31 December 2019: USD 226 billion) as shown in the Consolidated Statement of Financial Position on page 61.

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

- Trading financial assets mandatorily at fair value through profit or loss increased by USD 46 billion driven by Interest Rate and Equity products due to increased trading activity and the mark to market valuations on trades amid the extraordinary moves in volatility due to COVID-19.
- Non-Trading Financial Assets Mandatorily at Fair Value Through Profit and Loss have increased by USD 3 billion driven by an increase in failed purchases primarily with CSS(E)L due to the CSS(E)L to CSi migration. Also, due to changes in sourcing of securities for HQLA from borrowing transactions;
- Trading Financial Liabilities Mandatorily at Fair Value Through Profit or Loss have increased by USD 38 billion in Interest Rate and Equity Derivative products in line with increased trading activity amid the extraordinary moves in volatility due to COVID-19;
- Financial liabilities designated at fair value through profit or loss have increased by USD 9 billion driven by the an increase of reverse repurchase agreements of USD 5 billion due to changes in HQLA sourcing requirements from CSS(E)L to CSi for other CS group entities on account of CSS(E)L ramp down, client requirements and increased trading activity following CSS(E)L business moving into CSi. A further USD 2 billion was due to new note issuances in Cross Asset Investor Products; and
- Other Assets and other liabilities have increased by USD 11 billion and USD 10 billion respectively due to an increase in cash collateral provided and received primarily to external counterparties in line with the increase in derivative exposures.

Further movements in the Consolidated Statement of Financial Position reflect the impacts of managing the required liquidity

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

- An increase of USD 2 billion in interest-bearing deposits with banks due to surplus cash generation in US Dollars;
- A reduction in borrowings of USD 12 billion with CS AG, London Branch (offset by debt in issuance) driven by changes to funding requirements partially offset by an increase in cash usage of Euro ('EUR') and Great British Pound ('GBP'); and
- An increase of USD 18 billion in debt in issuance (partially offset by borrowings) mainly driven by a change in funding requirements with CS AG, London Branch to maintain regulatory ratios, primarily in EUR and GBP.

The large movements in borrowings and debt in issuance can also been seen in the Consolidated Statement of Cash Flows offsetting between operating and financing activities.

During the year, CSi also restructured the entire USD 13 billion share premium account into retained earnings, creating distributable earnings in order to allow for future dividend payments.

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 3.3 billion (31 December 2019: USD 4.6 billion) and Level 3 liabilities decreased to USD 4.6 billion as at 31 December 2020 (31 December 2019: USD 5.5 billion). The movement in assets is mainly driven by a reduction in holdings of hedge funds and Credit Suisse AG issue debt, and liabilities driven by methodology enhancements on equity derivatives. Level 3 assets were equivalent to 1.1% of total assets (2019: 2.0%) and Level 3 liabilities equivalent to 1.7% of total liabilities (2019: 2.7%).

→ For further details, refer to Note 42 – Financial Instruments.

CSi branches

The combined assets of CSi's branches reduced to USD 15 million (31 December 2019: USD 80 million) this reduction is primarily due to the transfer of the CSi Amsterdam, Stockholm and Milan branches businesses into branches of

CSSSV. The combined gain before tax of the CSi branches was USD 2 million (31 December 2019: USD 1 million). The Singapore branch was liquidated during the first half of 2020.

Principal risks and uncertainties

Principal risks

RISK TYPE	DESCRIPTION	HOW RISKS ARE MANAGED
Climate Change	Climate-related risks are potentially adverse direct and indirect impacts on the bank's financial metrics, operations or reputation due to transitional or physical effects of climate change. Climate-related risks could manifest themselves through existing risk types such as credit risk, market risk, non-financial risk, business risk or reputational risk.	Climate change risk in CSI is managed by the CSI Enterprise Risk Management department. 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 31 December 2020 direct exposure to fossil fuels and related sectors are immaterial in CSI (31 December 2019: Immaterial). A CS group Climate Risk Strategy program exists to deliver a consistent approach to governance, risk management, scenario analysis and disclosure across the group and legal entities, including compliance with regulatory requirements across the jurisdictions within which the group operates.
Credit Risk	The risk of a loss arising as a result of a borrower or counterparty failing to meet its financial obligations or as a result of deterioration in the credit quality of the borrower, or counterparty.	Credit risk in CSI is managed by the CSI Credit Risk Management ('CSI CRM') department. 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 were experienced through increased credit exposure and deterioration of credit quality in certain industries resulting in moderately increased forecast provisions.
Liquidity Risk	The risk that a bank is unable to fund assets and meet obligations as they fall due in times of stress, whether caused by markets events and/or firm-specific issues.	The liquidity risk of CSI is managed by the Treasury and Liquidity Risk department and is an integral part of the overall CS global liquidity risk management framework. This legal entity liquidity risk management framework also includes local regulatory compliance requirements. Such compliance requirements are measured as part of the PRA's Individual Liquidity Guidance ('ILG') which results in 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.	Market Risk in CSI is managed by the CSI Market Risk department. 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. COVID-19 impacted market risk measures through additional volatility. This increased risk metrics and stress on market-liquidity requiring careful management of hedging. The risk appetite has been effective allowing close management of the risk as the crisis evolved, with markets stabilising towards the end of the first half of the year and remaining largely the same for rest of the year.
Non-Financial Risk	Non-financial risk is the risk of an adverse direct or indirect impact originating from sources outside the financial markets, including but not limited to operational risk, technology risk, cyber risk, compliance risk, regulatory risk, legal risk and conduct risk. Non-financial risk is inherent in most aspects of our business, including the systems and processes that support our activities.	Non-Financial Risk Management oversees the CS group's established Enterprise Risk and Control Framework ('ERCF'), providing a consistent and unified approach to evaluating and monitoring 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 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') coordinated by the Reputational Risk CSI team. All formal submissions in the RRRP require review by senior business management in the relevant division, and are then subsequently referred to one of the CSI Reputational Risk Approvers ('RRA'), who is independent of the business divisions and assesses and determines whether the proposed activity is within the appetite of the firm. If the RRA considers there to be a material reputational risk associated with a submission, it is escalated to the IB 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 45 – Financial Risk Management.

Other principal risks

Macro-Economic Environment/COVID-19

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

CSi is closely monitoring the spread of COVID-19 and the effects on operations, business and financial performance including credit loss adjustments, trading revenues and net interest income.

→ For further details, refer to Operating environment.

UK exit from the EU

The United Kingdom exited from the EU on 31 January 2020, with completion of the Transition Period on 31 December 2020 resulting in CSi, a UK based bank, losing access to certain EU clients and markets. Trade agreements were finalised and new trading arrangements came into effect on 1 January 2021. 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 2021.

→ For further details, refer to Operating environment.

Litigation

The main litigation matters are set out in Note 40 – Contingent liabilities guarantees and commitments. Litigation provisions are set out in Note 29 – Provisions. 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.

Risk Exposures

Credit Risk

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

The main drivers of credit risk in CSi are trading in OTC derivatives and lending activity. On a potential exposure basis, exposure in CSi increased by USD 6.5 billion in 2020 to USD 43.8 billion (31 December 2019: USD 37.3 billion). Potential exposure for each trading relationship is calculated as 95 percentile of a distribution of possible future exposures. OTC derivatives were the main driver of the overall exposure move, with the impact of higher market volatility in 2020 leading to an increase in modelled exposures. CSi has seen other shifts in the portfolio as a result of business migrations to and from other CS legal entities. For example, lending exposure has decreased, in part due to the transfer of lending to EU borrowers to CSD while securities borrowing and securities cash trading balances increase in CSi as a result of transfers from CSS(E)L.

The dominant risk theme of 2020 was the impact of the COVID-19 pandemic and the effect of lockdown measures on economic activity across the globe. In response to the crisis, the Credit Risk Management function performed a bottom-up review of the CSi portfolio to identify clients vulnerable to the impact of the pandemic, and the associated market volatility. While this initially led to an increase in the credit watchlist due to the precautionary addition of a number of counterparties, the watchlist had come down to close to pre-COVID levels by the year end. The overall portfolio was deemed to be resilient to the direct impacts of COVID-19. Potential exposure increased significantly in Q1 2020 as a result of a heightened market volatility, while current exposure increased as corporate clients drew on their revolving credit facilities.

Several industries such as leisure, retail and travel were identified as being vulnerable to the effects of the pandemic, and appetite limits for impacted sectors were reduced. In addition, there was a modest level of credit rating migrations in 2020, with 5% of potential exposure as at December 2020 having been downgraded during the year. However, throughout the period the portfolio remained heavily weighted towards high-quality credits, with 84% of exposure rated investment grade on a potential exposure basis as at December 2020. The loan distribution market was also impacted, leading to some stuck underwriting commitments to sub-investment grade borrowers. As of 31 March 2020 CSi's total loan underwriting book had USD 3.1 billion of commitments, however, as loan markets re-opened most of this risk was distributed, with USD 0.2 billion of the 31 March portfolio remaining as of December 2020 (of which USD 6 million is rated sub-investment grade). A small number of hedge funds also experienced issues, associated with increased market volatility. This required some funds to liquidate positions to meet margin calls, and in the case of one client default situation resulted in a financial loss to the bank.

While the roll-out of vaccines points to an end to COVID-19 disruption, the severity and length of containment measures implemented by governments, and the consequent impact on economic growth and counterparty credit quality remains uncertain.

The UK's exit from the EU also presented risks for CSi in 2020. However, with the agreement of a trade deal between the two sides in December 2020, the risks posed by a hard exit from the EU were averted. Since the 2016 referendum which resulted in the UK's exiting from the EU, a number of reviews were performed to assess the risks to CSi's credit portfolio: a small number of corporate counterparties were identified as having particular vulnerabilities associated with cross-EU business models or highly integrated supply chains, but exposure to these counterparties is low in aggregate. With a trade deal having been agreed, no material near-term impact on these counterparties as a result of the UK's exit from the EU is expected. As noted above, the UK exit from the EU has resulted in some counterparty relationships being migrated to CS subsidiaries in the EU, leading to a notable reduction in the lending portfolio.

Selected Credit Risk Exposure Views by Country and Industry Segment

The following table shows the largest exposures in CSi by country. The largest exposures are in well-developed countries, with

exposure from the United States and United Kingdom accounting for over half of the total exposure. With respect to emerging markets, CSi has exposure in several countries, but none of these exposures represents a concentration relative to overall exposure in the Bank.

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

	Sovereign		Financial Institutions		Corporate		Total		AnnualΔ		Net Exposure as % of All Country Exposures
31 December 2020 (USD millions)	Gross Exposure	Net Exposure	Gross Exposure	Net Exposure	Gross Exposure	Net Exposure	Gross Exposure	Net Exposure	Gross Exposure	Net Exposure	
United States	57	57	7,936	3,146	3,538	3,316	11,531	6,519	2,994	1,599	29%
United Kingdom	1,345	1,324	7,993	3,338	1,325	1,105	10,663	5,767	2,452	1,833	26%
France	388	320	4,333	959	523	483	5,244	1,762	68	(292)	8%
Netherlands	-	-	1,933	873	831	783	2,764	1,656	223	(313)	7%
Germany	769	127	3,056	527	366	348	4,191	1,002	189	(509)	4%
Luxembourg	-	-	1,558	561	161	161	1,719	722	227	(76)	3%
Italy	711	418	529	143	152	119	1,392	680	47	(70)	3%
Switzerland	49	2	809	397	214	200	1,072	599	(484)	(575)	3%
Saudi Arabia	-	-	392	390	44	44	436	434	370	373	2%
Japan	25	25	2,057	186	95	94	2,177	305	(72)	25	1%
Total	3,344	2,273	30,596	10,520	7,249	6,653	41,189	19,446	6,014	1,995	86%

	Sovereign		Financial Institutions		Corporate		Total		AnnualΔ		Net Exposure as % of All Country Exposures
31 December 2019 (USD millions)	Gross Exposure	Net Exposure	Gross Exposure	Net Exposure	Gross Exposure	Net Exposure	Gross Exposure	Net Exposure	Gross Exposure	Net Exposure	
United States	368	368	5,555	2,515	2,614	2,037	8,537	4,920	(1,490)	(1,040)	24%
United Kingdom	92	72	6,685	2,854	1,434	1,008	8,211	3,934	972	594	19%
France	552	485	3,642	812	982	757	5,176	2,054	220	(497)	10%
Netherlands	-	-	1,290	742	1,251	1,227	2,541	1,969	625	644	10%
Germany	534	30	2,282	723	1,186	758	4,002	1,511	805	494	7%
Luxembourg	97	-	1,139	555	256	243	1,492	798	202	236	4%
Italy	672	506	439	94	234	150	1,345	750	(742)	24	4%
Switzerland	78	2	1,242	939	236	233	1,556	1,174	863	894	6%
Saudi Arabia	-	-	10	5	56	56	66	61	(74)	(34)	0%
Japan	43	43	2,116	147	90	90	2,249	280	(222)	(123)	1%
Total	2,436	1,506	24,400	9,386	8,339	6,559	35,175	17,451	1,159	1,192	85%

The following table shows the ten largest exposures in CSI, which make up 75% of net exposure in the Bank. Exposures are those used for internal risk management and are calculated on the same basis as the country exposures shown in the previous table.

	2020			2019			Annual Δ
Industry Segments (USD millions)	Gross Exposure	Net Exposure	Net Exposure as % of All Industry Exposures	Gross Exposure	Net Exposure	Gross Exposure	Net Exposure
Central Clearing Parties	5,025	4,709	23%	4,217	4,109	808	600
Sovereigns, Monetary Authorities, Central & Development Banks	4,248	2,939	14%	3,555	2,278	693	661
Other Financial Companies	4,839	1,663	8%	3,878	1,625	961	38
Services	1,386	1,214	6%	863	714	523	500
Asset Management & Investment Funds	4,372	1,156	6%	3,090	671	1,282	485
Securitisations	1,913	1,152	6%	1,850	1,332	63	(180)
Commercial & Investment Banks	12,407	949	5%	10,115	780	2,292	169
Media	963	629	3%	521	392	442	237
Utilities	675	614	3%	360	310	315	304
Pension Funds	1,954	612	3%	1,901	276	53	336
Total	37,782	15,637	77%	30,350	12,487	7,432	3,150

The other risks are set out in Note 45 – Financial Risk Management.

Risk Management

Overview

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

Risk Governance

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

Risk Organisation

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

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

The CSi CRO function in 2020 comprised of:

- Market Risk Management ('MRM');
- Treasury & Liquidity Risk Management ('TLRM');
- Credit Risk Management ('CRM');
- Enterprise Risk Management ('ERM'); and
- Non-Financial Risk ('NFR').

The CRO is responsible for providing risk management oversight and establishing an organisational basis to manage all risk management matters through its primary risk functions:

- MRM is responsible for assessing, monitoring and managing the market risk profiles of the Bank and recommends corrective action where necessary;

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

The CSi CRO additionally relies on the following teams within the Global Risk Functions:

- Data and technology;
- Independent validation and review;
- Quantitative analysis and review;
- Chief Risk and Compliance Office ('CRCO') Chief Operating Office;
- Non-financial risk management: Coverage of EMEA business continuity management;
- Credit Risk Management: Coverage of climate and reputational risk as well as recovery management;
- Global market risk management;
- Global enterprise risk management; and
- Global treasury and liquidity risk management.

Risk Appetite

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

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

Market risk limit measures are typically based on Value at Risk ('VaR') and scenario analysis, although they also include risk sensitivities, notionals and other metrics. Liquidity risk limits include regulatory and internal metrics based on computing liquidity inflows and outflows under stress scenarios over different time horizons. Credit risk limits include overall limits on portfolio credit quality and a system of individual counterparty, country, industry, product and scenario limits, which are used to mitigate concentration risks. In addition, the Bank has allocated operational risk capital to the businesses and has established thresholds for

operational risk losses that trigger additional management action. These thresholds are set in both quantitative (considering historical losses and gains) and qualitative (bank-wide statements linked to risk and control indicators) terms. Alignment to business strategy is a key requirement to ensure the Risk Appetite framework is effective in managing to the entities' acceptable risk profile and acting as an early warning indicator for material changes in risk profile. Capital Limits for each material risk type are determined by ERM and cascaded to each risk area for use as a calibration point for the lower level limit cascade. Limits are reviewed quarterly against the capital plan and are aligned to divisional limits which are cascaded by the CFO function covering all risk types.

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

→ The Bank's financial risk management objectives and policies and the exposure of the CSi group to market risk, credit risk, liquidity risk, currency risk and operational risk are outlined in Note 45 – Financial Risk Management.

Climate Change

Definition of climate risks

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

Sources of climate-related risks

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

Evaluation and management of climate-related risks

CSi's approach to climate risk is closely aligned with the CS group approach. Climate risk is one of the environmental aspects considered as part of the broader sustainability risk agenda of the CS group. In 2018, a CS group-wide program was established to address the recommendations of the Financial Stability Board's Taskforce on Climate-related Financial Disclosures ('TCFD') with respect to external disclosures on climate-related risks and opportunities. In 2019, CS group integrated the TCFD

adoption program into its CS group-wide climate risk strategy program, sponsored by the CRCO, that has senior management representation from business divisions as well as from General Counsel, Risk & Compliance and the new SRI function. The mandate of the program is to develop comprehensive strategies to address climate risk. This includes supporting clients' energy transition toward low-carbon operations, technologies and services, continuing the ongoing implementation of the TCFD recommendations as well as working toward the implementation of various industry recommendations and compliance with upcoming regulatory expectations. In 2020, CS group further intensified its efforts on climate risk management by creating a dedicated climate risk team within CS group Credit Risk.

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

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

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

Strategy

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

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

CS group is engaged in a range of activities, which aim to support the transition to a lower carbon and more climate-resilient economy. As part of its strategy that demonstrates the CS group's commitment to climate change goals, while also acting as a proactive partner to clients who are working to transition their businesses, CS group has developed sector-specific client

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

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

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

Risk Management

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

CS group have identified sensitive sectors which pose greater environmental and social risks (including impacts to the climate) and have policies and guidelines in place to govern the responsible provision of financial services to clients within these sectors.

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

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

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

Governance

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

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

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

Corporate Responsibility

Overview

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

Environmental Matters

Sustainability

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

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

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

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

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

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

→ For further details, refer to 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 Sustainable Finance action plan. These proposals include the establishment of a unified taxonomy of sustainable economic activities, disclosure requirements relating to the consideration of ESG factors in risk processes and the creation of a new category of benchmarks which will help investors compare the carbon footprint of their investments. There are also proposed related amendments to product governance, suitability and appropriateness and product disclosure requirements under the MiFID II.

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

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

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

Further information:

→ Environmental and Social Risk Management:
www.credit-suisse.com/riskmanagement

→ Climate Change; the "Statement on Climate Change":
www.credit-suisse.com/climate

→ Biodiversity and Natural Capital:
www.credit-suisse.com/conservationfinance

→ Environmental Management (including CS group key performance indicators):
www.credit-suisse.com/environmentalmanagement

Streamlined Energy and Carbon Reporting ('SECR')

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

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

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

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

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

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

2025 Environmental objectives

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

- Reduce total greenhouse gas emissions by 75% compared with 2010 levels on reported operational aspects;
- Achieve 100% renewable electricity;
- Green label certification of CS space (in m²) to 50% of office portfolio;
- Energy efficiency improvement of 1.5% per year;
- Reduce single-use plastic ('SUP') items and increase the share of products made from recycled and reusable materials;
- Paper consumption reduction of 10%, on per Full Time Equivalents ('FTE') basis, compared to 2018 baseline;
- 100% paper purchases carry an appropriate environmental label; and
- Water efficiency improvement of 10% on per FTE basis, compared to 2018 baseline.

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

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

Global greenhouse gas neutrality – four-pillar strategy

1. Optimise;

Aim to optimise all business activities to reduce carbon emissions.

2. Invest;

Investing in carbon reduction technologies across all our global premises.

3. Substitute;

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

4. Compensate;

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

Reduction of own material and energy consumption

Reduction of greenhouse gas emissions each time energy is consumed

Reduction of own greenhouse gas emissions

Compensation of remaining greenhouse gas emissions

Greenhouse gas neutrality

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

Carbon Footprint Methodology

CS group applies an operational-control based approach to calculating its carbon footprint. The VfU Indicators Standard uses the processes and conversion factors from VfU Verein

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

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

UK and CSi Energy Use

CSi – Indicators for In-house Operations 2020 according to Global Reporting Initiative ('GRI') Standards and Greenhouse Gas ('GHG') Protocol: ^{1, 3}

	CSi	UK
Premises Energy Consumption in Kilowatt Hours ('KWh')	47,841,555	74,058,264
Electricity consumed in KWh	46,122,934	71,397,855
Fossil Fuels consumed in KWh	1,718,621	2,660,409
– Natural Gas	1,694,759	2,623,471
– Heating Oil and Emergency Power Supply Fuels	23,862	36,938
Business travel in million kilometres	3.8	5.9

Associated greenhouse gas emissions

CSi – Indicators for In-house Operations 2020 according to GRI Standards and GHG-Protocol: ^{1, 3}

	CSi	UK
Greenhouse Gas Emissions (Scope 1 & 2) net in metric tons CO₂ equivalents ^{2, 3}	11,314	17,514
– Directly through burning fuels and losses from coolants and fire extinguishers (scope 1) ⁴	561	868
– Indirectly from energy production (scope 2 location based)	10,753	16,646
– Other Scope 3 indirectly from business travel	622	962

Greenhouse gas emissions intensity metric

CSi Indicators for In-house Operations 2020 according to GRI Standards and GHG-Protocol: ^{1, 3}

	CSi	UK
Greenhouse gas emissions (Scope 1 & 2) in metric tons CO ₂ e/per FTE	4.6	4.6

¹ GRI Standards for sustainability reporting, www.globalreporting.org; GHG-Protocol = Greenhouse Gas Protocol; www.ghgprotocol.org
Energy consumption is presented in KWh.

² Global greenhouse gas emissions for 2020 are based on gross emissions, taking into account the composition of electricity qualities purchased. The gross greenhouse gas emissions follows the Department for Environment, Food & Rural Affairs ('DEFRA') guidelines for UK.

³ All emissions-related environmental data have been calculated and reported using the Verein Für Umweltmanagement ('VfU') Indicators 2018 methodology. VfU is a corporate GHG inventory reporting standard designed for financial institutions.

⁴ Emissions from business travel as well as coolants and fire extinguishers losses are calculated as a UK proportionate share of EMEA emissions based on FTE share.

UK Energy Efficient Action

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

Climate Risk Strategy program

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

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

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

Economy and Society

The primary function of a global bank is to be a reliable and professional partner to clients around the world, offering them a range of financial products and services to meet their individual needs. CS group including CSi plays an important role as a financial intermediary, bringing together borrowers and lenders of capital globally, from companies and public sector bodies to private individuals and institutions. They also supply businesses with the capital resources they need to expand their activities and finance innovation, thus helping to drive economic growth and job creation.

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

The long-term success of CSi business is dependent on the existence of a sound social environment and stable economy. In

addition to its core banking activities, CS group is committed to acting as a reliable partner and to making a targeted contribution to economic and social development in the regions where CS group operate.

CSi, together with the Credit Suisse EMEA Foundation, recognise Financial Inclusion, Financial Education and Future Skills as effective tools to promote economic growth and social change and as a means of helping people to help themselves. The Credit Suisse EMEA Foundation supports organisations that address barriers to education or employment and/or equip disadvantaged young people with the knowledge, skills and attitudes and values required to respond to the demands of evolving employment markets or create opportunities through their own entrepreneurial initiative. CS group also works with organisations to develop, pilot or strengthen innovative models that have demonstrated their impact on the education and/or skills sectors or show real potential to bring sustainable change.

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

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

Employee Matters

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

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

Equal Opportunity

CSi is an equal opportunity employer and has always been committed to an inclusive and equitable culture at the bank and being a responsible partner in society. This commitment shows in the many programs and employee networks in place across the UK businesses and are an essential element of the working culture.

CSi adopts the CS group policies that are committed to providing equal employment opportunities to all employees and applicants in every facet of its operations. All employment-related decisions, including with respect to hiring, employee treatment, training, compensation, promotion, transfer, benefits, disciplinary action

and dismissal or redundancy, are made on the basis of the individual's job qualifications and job performance or on any other legitimate business considerations provided for in the applicable law. There will be no regard to ethnicity, nationality, gender, sexual orientation, gender identity, religion, age, civil partnership, marital or family status, pregnancy, disability or any other status this is protected as a matter of local law.

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

Diversity & Inclusion

In recent years, CSi has been focusing in particular on gender representation across the UK businesses with the goal of increasing the number of women in the organisation by concentrating on key elements across the employee lifecycle.

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

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

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

The Black community is an underrepresented ethnic group in the UK. Starting in Q4 2020, CSi has held focus groups to identify the 'lived experience' of its Black employees to empower participants to become agents of change with regards to race and ethnicity. The information gathered from the focus groups will further inform and support the action plans to drive improvements

across all aspects of the career life-cycle for under-represented talent in the business. In early 2021 CSi mobilised a UK Black Talent Program to develop and retain black employees and ensure that they have equal opportunities to be successful and reach their full potential without risk of bias. The Program also focuses on the attraction and hiring of black professionals to improve the representation.

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

Conduct & Ethics

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

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

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

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

In December 2020 the CSG purpose statement – *we build lasting value by serving our clients with care and entrepreneurial spirit* – was launched internally and externally. It seeks to communicate

what is unique to Credit Suisse and intends to make each employee proud to be part of the organisation.

Wellbeing & Benefits

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

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

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

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

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

Career Development

CSi provides a wide range of opportunities for individuals who are starting careers post-graduation. Those hired into one of the bespoke graduate programmes receive specific training, mentoring and career advice, with the aim of aiding their transition to a long-term career with CS group. An example of such a programme is the award winning Steps to Success program launched in 2012, which offers university scholarship funding for UK students from underprivileged and underrepresented backgrounds.

Communication

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

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

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

Respect for Human Rights

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

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

- More details on the topic of human rights, including its Modern Slavery and Human Trafficking Transparency Statement, can be found at:
- <https://www.credit-suisse.com/about-us/en/our-company/corporate-responsibility/banking/human-rights.html>

Modern Slavery and Human Trafficking

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

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

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

Anti-Bribery and Corruption Matters

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

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

Corporate Governance Statement

FRC Wates Governance Principles

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. CSi's adherence to these Principles is addressed in this Corporate Governance Statement, which includes the Section 172 Statement.

Members of the Board and Board Committees

The CSi Board of Directors ('Board') is responsible for governance arrangements that ensure effective and prudent management of CSi, including the segregation of duties and the prevention of conflicts of interest. The Board approves and oversees the implementation of strategic objectives, risk strategy and internal governance;

ensures the integrity of the accounting and financial reporting systems; oversees disclosure and communications processes; provides effective oversight of senior management; and assesses the effectiveness of governance arrangements.

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

Board Composition

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

SMCR

As required by the PRA and FCA, the Senior Managers and Certification Regime ('SMCR') has been in operation since Q1 2016. The

SMCR framework seeks to increase individual accountability and enhance culture in financial services through:

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

Internal Control and Financial Reporting

Board Responsibilities

The directors are ultimately responsible for the effectiveness of internal control in the 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 30 April 2021, the date of approval of the CSi Annual Report for 2020.

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

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

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

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

Strategy and Management

- Set local strategy and oversee that the management of CSi is in line with the global or divisional strategy of the CSG;
- Act in good faith and in the best interests of CSi, exercise independent judgement and consider and avoid conflicts of interest where possible. Act in CSi's best interests may, as the case may be, include the best interests of the parent company and of the CS group;
- In the event of any conflicts of interest arising in the Board decision making process, declare such conflicts and ensure that they are appropriately managed;
- Act in accordance with the Management of Conflicts of Interest Memorandum. If a matter gives rise to a conflict for a Director

of CSi also holding a position on the CSG board which was not manageable by declaration of the conflict of interest, the Director should recuse themselves from participation in the CSi Board or Board Committee discussions and decisions relating to the matter giving rise to the conflict. In the event that this was the Chair of the CSi Board, the Chair of either the Audit Committee or the Risk Committee would assume the position of the Chair of the CSi Board in relation to those decisions.

In the event that this was the CEO, the Deputy CEO would assume the position of the CEO in relation to those decisions;

- Ensure arrangements are made for CSi to fulfil statutory duties;
- Ensure that CSi operates within the rules and regulations of all applicable jurisdictions;
- Ensure that CS group policies applicable to CSi are in accordance with the law and with regulatory requirements/guidelines, appropriate for the entity and are being properly implemented at the entity level;
- Oversee the management of CSi business within the overall business framework of CS group, delegating specific powers, to Board Committees or to other bodies while retaining responsibility and accountability, as appropriate;
- Ensure that CSi subsidiaries, branches and representative offices are adequately controlled and governed and appropriately governed including changes to Branch Managers / representatives;
- Review and consider the application of the business strategy recommended by executive management as far as it relates to CSi, ensuring that it does not expose CSi to unacceptable risk;
- Provide direction for and challenge to management;
- Review CSi performance, and monitor the execution of business strategy and plan as far as they are related to CSi;
- Ensure that CSi has adequate financial resources to meet its objectives and effectively manage risk;
- Review and consider material new business proposals;
- Review and consider standard reporting, including CSi financials (full breakdown by lines of business and existing data on remote booking), market and risk exposures, capital, liquidity and funding; and
- Review and consider reports by Board Committee Chairs on material issues.

Culture

- Review and consider programs and initiatives to support and monitor an appropriate culture, conduct and behaviour in business areas relevant to CSi;
- Review annually the decisions made by the CSi Executive Committee relating to the registration and de-registration of Senior Managers that are not members of the Board;
- Ensure that HR policies and procedures are in accordance with the law and regulatory requirements / guidelines, and are appropriate, ensuring that they do not expose CSi to unacceptable risk and are properly implemented at an entity level;
- Support the Whistleblower Champion to review and assess the integrity, independence, effectiveness and autonomy of CSi Reportable Concern Officer / Whistleblower policies and procedures, including the protection of employees who raise concerns from detrimental treatment; and

- Review reports prepared by Compliance on the operation and effectiveness of whistleblowing arrangements, including (i) significant whistleblowing matters which have been reported to the regulators; (ii) any instances where a successful claim has been made at an Employment Tribunal that an employee has been victimised as a result of whistleblowing; and (iii) training and measures undertaken within CSi to increase awareness of and promote CSi Whistleblower arrangements.

Risk Management

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

Financial Reporting and Internal Control

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

Delegation

- The Board will delegate execution of certain audit duties to the Audit Committee while retaining responsibility and accountability, and will consider the report by the Audit Committee Chair, four times per year;
- The Board will delegate execution of certain risk duties to the Risk Committee while retaining responsibility and accountability, and will consider the report by the Risk Committee Chair, four times per year;
- The Board will delegate execution of certain nomination duties to the Nomination Committee while retaining responsibility and accountability;

- The Board will delegate execution of certain advisory remuneration duties to the Advisory Remuneration Committee while retaining responsibility and accountability;
- The Board will monitor the effectiveness and independence of its Committees and will ensure that its Committees are able to use any forms of resources they deem appropriate, including external advice.

Escalation

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

Board Evaluation and Composition

Each year, the Board undertakes a formal Board Evaluation against the responsibilities listed in its Terms of Reference and the Board's annual objectives to assess Board effectiveness and to decide on future objectives and focus topics in light of the CS group strategy, and to identify internal briefings / training required by individual Directors. The Evaluation assists the Board Nomination Committee to assess the composition and performance of the Board, and knowledge, skills, experience and diversity of Board members and Board succession planning. From time to time, the Board will mandate an external advisor to facilitate the evaluation; usually the evaluation is internal for two years and external for every third year. In 2020, the Board mandated an external firm in 2020 to perform an evaluation of the Board. The Board has approved updated Board and Board Committees' objectives for 2021.

Board Training

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

Board Diversity Policy

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

composition in 2021 through periodic reviews of structure, size and performance of the Board.

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

Board Meetings

Twenty Board meetings were held in 2020 including scheduled Board meetings, ad hoc Board meetings and COVID-19 Board briefings. Board members also attend extensive briefing sessions

to prepare for technical Board discussions. All members of the Board are expected to spend the necessary time outside of these meetings to discharge their responsibilities. The Chair convenes the meetings with sufficient notice and prepares an agenda. The Chair has the discretion to invite management to attend the meetings. The Board also holds separate private sessions without management present. Minutes are kept of the Board meetings.

Meeting Attendance

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

	Board of Directors ¹	Audit Committee ²	Risk Committee ³	Nomination Committee ⁴	Advisory Remuneration Committee ⁵	Conflicts Committee ⁶
in 2020						
Total number of meetings held	20	7	6	4	7	4
Number of members who missed no meetings	6	3	4	5	2	4
Number of members who missed one meeting	3	1	–	–	1	–
Number of members who missed two or more meetings	4	–	–	–	–	–
Meeting attendance, in %	94	96	100	100	95	100

¹ The Board consisted of eleven members at the beginning and at the end of the year, with two members resigning and two being appointed.

² The Audit Committee consisted of three members at the beginning and at the end of the year with one member resigning and one being appointed.

³ The Risk Committee consisted of three members at the beginning of the year and four members at the end of the year with one member being appointed.

⁴ The Nomination Committee consisted of four members at the beginning of the year and five members at the end of the year with one member being appointed.

⁵ The Advisory Remuneration Committee consisted of three members at the beginning and at the end of the year.

⁶ The Conflicts Committee consisted of three members at the beginning of the year four members and the end of the year with one member being appointed.

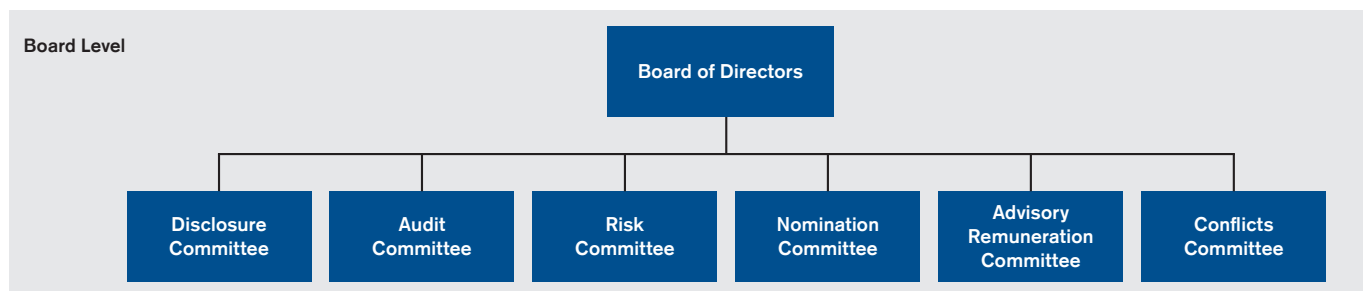
Committees

Board committees overview

Certain powers are delegated to Board Committees, while retaining responsibility and accountability, which assist the Board in carrying out its functions and ensure that there is independent

oversight. The Chair of each Board Committee reports to the Board.

Summary of Key Governance Committees



Audit Committee

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

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

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

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

Risk Committee

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

- providing advice to the Board on CSi overall current and future risk appetite and assisting the Board in overseeing the implementation of that strategy by management;
- reviewing and approving the strategies and policies for taking up, managing, monitoring and mitigating the risks CSi is or might be exposed to, including those posed by the macroeconomic environment in which it operates in relation to the status of the business cycle;
- reviewing and assessing the independence, integrity and adequacy of resourcing, and overseeing the performance of the risk management function of CSi in particular as it relates to market, credit, and liquidity & funding risks and non-financial risks such as legal, strategic and business risks; and group risk;
- reviewing and assessing the independence, integrity and adequacy of resourcing, and overseeing the performance of the Compliance function of CSi including processes and organisational structures to detect and monitor any risk of failure to comply with applicable regulatory requirements or that CSi may be used to further financial crime;

- reviewing the adequacy of CSi capital (economic and regulatory);
- reviewing certain risk limits and regular risk reports including Risk Appetite and make recommendations to the Board;
- reviewing ICAAP and providing input into the range of scenarios and analyses that management should consider;
- reviewing and assessing the adequacy of the management of reputational risks;
- reviewing and assessing the adequacy of the management of operational risks; and
- reviewing and assessing the independence, integrity and adequacy of resourcing, and overseeing the performance, of the compliance function of CSi in particular as it relates to the detection and monitoring of any risk that CSi may fail to comply with applicable regulatory requirements and/or the risk that CSi may be used to further financial crime.

The Risk Committee members are Doris Honold (Chair from 18 September 2020), John Devine, Andreas Gottschling and Alison Halsey.

Nomination Committee

The duties of the Nomination Committee are to:

- engage a broad set of qualities and competencies when recruiting members to the Board and put in place a policy promoting diversity on the Board;
- identify and recommend for approval, by the Bank's shareholder (CSG / Credit Suisse AG), candidates to fill Board vacancies, having evaluated the balance of knowledge, skills, diversity and experience of the Board;
- make recommendations to the Board concerning the role of Chair and membership of the Board Committees, in consultation with the Chairs of those Committees;
- prepare a description of the roles and capabilities for a particular appointment, and assess the time commitment required;
- decide on a target for the representation of the under-represented gender in the Board and prepare a policy on how to increase the under-represented gender to meet that target;
- periodically, and at least annually, assess the structure, size, composition and performance of the Board and make recommendations to the Board with regard to any changes;
- periodically, and at least annually, assess the knowledge, skills and experience of individual members of the Board and of the Board collectively, and report this to the Board;
- periodically review the policy of the Board for selection and appointment of senior management and make recommendations to the Board;
- recommend to the Board the appointment and removal of CEO and CFO;
- periodically, and at least annually, review the Board and Senior Management strategy for leadership development, talent pipelining, retention, and diversity and specifically approve the Board Succession Plan; and
- in performing its duties and to the extent possible on an on-going basis, take account of the need to ensure that the Board's decision making is not dominated by any one individual

or small group of individuals in a manner that is detrimental to the interest of the Bank as a whole.

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

Remuneration Approach for CSi

The CSi Board has delegated responsibility for remuneration matters to the CSi Advisory Remuneration Committee ('RemCo') while retaining responsibility and accountability. The purpose of the RemCo is to advise the CSG Compensation Committee and the Board in respect of matters relating to remuneration for the employees of 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 in the following link <https://www.credit-suisse.com/about-us/en/our-company/our-governance/compensation.html>.

→ The policy outlines the CS group's remuneration structures and practices and is aligned with the company's purpose, values and culture. The Policy includes consideration of the reputational and behavioural risks to the company that can result from an insufficient scrutiny of compensation and emphasises Credit Suisse's commitment to non-discrimination in terms of gender and/or other individual characteristics in relation to employee compensation.

The Advisory Remuneration Committee Objectives are:

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

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

Conflicts Committee

The purpose of the Conflicts Committee is to assist the Board in fulfilling the Board's responsibilities to consider and avoid conflicts

of interest and where they arise to declare and manage conflicts, consistent with the Board of Directors Terms of Reference and the Management of Conflicts of Interest Framework. The Conflicts Committee conducts an annual assessment on behalf of the Board on the Board conflicts governance process and the effectiveness of the Conflicts Management Framework, including in particular the effectiveness with which potential conflicts between CSi and CSG arising out of the multiple roles performed by CSi Board Directors have been effectively managed, and to report to the Board on such assessment

The duties of the Conflicts Committee are:

- Review of the Conflict Management Framework to confirm that it remains fit for purpose. Update in light of role changes/new subject matter conflicts etc;
- Review of training received by Board Directors/Senior Managers on the framework and assessment of effectiveness;
- Review of which conflicts were escalated/declared through the Conflict Management Framework and how those conflicts were resolved, especially by reference to the subject/role topics in the Conflict Management Framework;

- Consideration of whether issues arose which in retrospect should have been discussed/escalated/declared and were not, and lessons learned;
- Review of progress made in addressing action already undertaken; and
- Review the Conflicts Management Framework for regulatory/legal compliance and address any other feedback.

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

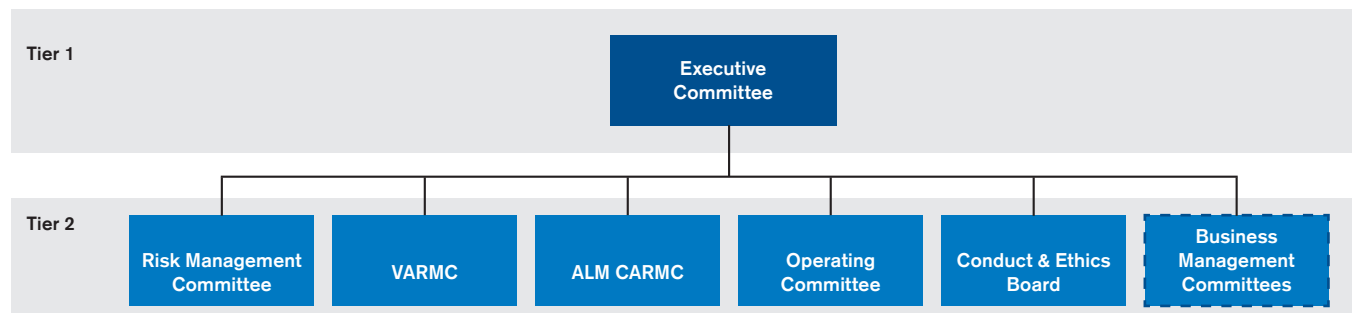
CSi Disclosure Committee for EU Debt Securities

The purpose of the Disclosure Committee is to ensure compliance with the EU Prospectus and Transparency directives in relation to the listing by the Bank of debt securities on European exchanges. The Committee reviews and updates the Bank's disclosure document and ongoing disclosure requirements to provide investors with all such information as may reasonably be required to make an informed assessment of the Bank as an issuer of debt securities.

The Disclosure Committee Chair is Christopher Horne.

Management committees overview

Tier 1 and Tier 2 committees support the Board.



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

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

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

Risk Management Committee ('RMC')

The RMC is chaired by the CRO of CSi. It has delegated authority from the ExCo to establish more granular limits within the bounds of CSi's overall risk limits and risk appetite. Its purpose is to:

- i ensure that proper standards for risk oversight and management are in place;
- ii make recommendations to the Board on risk appetite;
- iii review and challenge the ICAAP and ILAAP¹ results and to make recommendations to the CSi Board;
- iv define and establish risk limits for both individual businesses and at the portfolio level within authorities delegated by the CSi Board; and
- v review and implement appropriate controls over remote booking risk relating to CSi.

Valuation Risk Management Committee ('VARMC')

VARMC is the most senior decision making forum for valuation issues in CSi, and is run as a sub-committee of CSG VARMC. Its purpose is to:

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

Asset and Liability Management & Capital Allocation and Risk Management Committee ('ALM CARMC')

The ALM CARMC is chaired by the CFO. It is responsible for assisting the Board in providing a robust governance and oversight function with respect to capital, liquidity and balance sheet management in relation to CSi. Its purpose is to:

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

Operating Committee ('OpCo')

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

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

Conduct & Ethics Board ('CEB')

The CEB is chaired by the CEO, and is run as a sub-committee of the CS group CEB. Its purpose is to:

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

Business Management Committees ('BMC')

Two additional committees have been established to ensure sufficient oversight for business areas with little or no direct representation on the ExCo:

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

Section 172 Statement

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

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

Purpose and Leadership

As part of the CS group stated purpose of building lasting value by serving its clients with care and entrepreneurial spirit, CSi supports 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. 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, and to provide its clients with securities and non-securities sales, trading, risk management and settlement services. 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 its corporate clients. The Board held an Onsite Strategy session to review its long-term strategy and Financial Plan. The Board worked with management to develop a shared long-term perspective, to define and embed the CSi Purpose and Strategy, and to review CSi strategic strengths and weaknesses compared with peers, with a focus on client strategy. The Board has also reviewed and approved the 2021 Financial Plan, which underpins the execution of the CSi strategy consistent with CS group strategy.

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 CS 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's commitment to protecting the environment.

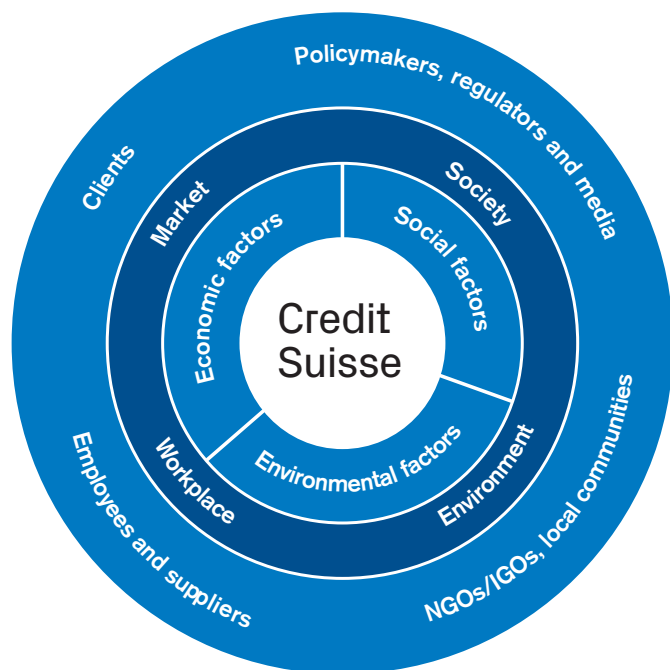
The CSi approach to corporate responsibility is broad and considers respective responsibilities toward clients, shareholders, employees, the environment and society as a whole, which CSi believes is essential for long-term success. Competence, client focus, compliance, diligence and responsible conduct 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.

Stakeholder Relationships and Engagement

CSi businesses work on the basis that long-term success depends to a significant extent on the ability to inspire confidence in CSi's stakeholders. 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, regularly engages directly in a dialogue with stakeholders including clients, and employees as well as with regulators, policymakers and Non-Governmental Organisations ('NGO'). This dialogue, combined with the insights gained through its involvement in initiatives, business

associations, and forums, as well as through surveys, strengthens CSi's understanding of the different, and sometimes conflicting, perspectives of its stakeholders. This helps CSi to identify stakeholders' interests and expectations at an early stage, to offer CSi's own perspective and to contribute to the development of solutions in response to current challenges wherever possible. At the same time, this exchange allows CSi to further develop an understanding of its corporate responsibilities.



Clients

The CSi Board has maintained its focus on Client Strategy including ESG client needs. 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. As part of the EU Exit Strategy, the CSi Board has taken decisions to transfer EU clients and EU venue facing broker-dealer business to CSSSV, to transfer EU client lending business activities to CSD and to transfer business from the CSi branches to CSSSV branches. Client concentration trends are monitored to ensure that there is a meaningful depth of client relationships to sustain the viability, profitability and growth of individual business lines. The Investment Banking ('IB') division operates a Key Account Management programme covering the division's most important clients via dedicated senior relationship managers who provide a holistic approach to clients. Regular benchmarking of client performance and service takes place across the businesses and competitor / peer analysis is tracked to ensure a focus on the right client sectors. There is a pro-active effort to maintain high rates of client retention via monitoring of client trends and a continuous self-review. The 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: The business provides coverage of strategic clients across the Equities pillar with an enhanced client framework. Investment continues to take place in the electronic/low-touch businesses and incorporating emerging technologies.

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

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

Society

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

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

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 including, for example, regular updates on the UK exit from the EU during 2020.

→ For Credit Suisse's 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 ensure a constructive regulatory dialogue and to provide transparency on the strategy the CS group is taking, particularly in the UK, in order to help reduce risk in the industry and provide a more sustainable banking landscape over the long term. CSi has open and regular engagement with regulators, ensuring clarity and transparency, and sharing views and expectations of CSi. The 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 Board has worked with management to raise the profile of talent management, to develop insights into the workforce of the future, and to reinforce the Group Culture program and ensure that it remains a CSi management priority. The Board has also worked with management to build an inclusive culture reflecting all aspects of diversity but with particular focus on gender parity and black talent.

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

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

Suppliers

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 strives 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 suppliers to meet. To achieve further progress in the areas of social and environmental responsibility, the Supplier Code of Conduct may require suppliers to implement measures that go beyond local laws and regulations.

CSi, as a material legal entity of CS group, has introduced the Third Party Risk Management ('TPRM') Framework to manage financial, operational and reputational risks and to meet the increasing regulatory requirements governing business relationships with third parties. 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 TPRM 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 addition, CSi management has established a Service Management Framework ('SMF') to ensure that CSi operates an effective risk and control environment across all types of service dependencies, which includes ensuring outsourcing arrangements operate within acceptable risk appetites and meet the FCA/PRA Outsourcing Rule book ('SYSC8'). In addition, CS Services AG, London Branch ('UK Service Co') is a London branch of CS Services AG, providing UK-based RRP critical services supporting CSi. The UK Service Co reports into the Board of the Zurich based parent.

The CSi Board has undertaken a specific review of Corporate Sourcing and Contract Management via its Audit Committee in 2020.

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 regularly engages with its stakeholders through participation in forums and round tables and joined industry, sector and specific topic debates. Examples include the Equator Principles Association, Organisation for Economic Co-operation and Development

(‘OECD’) Responsible Business Conduct in the financial sector and the UN Principles on Responsible Banking. Discussions with NGOs centre on topics such as climate change, biodiversity and conservation as well as risks relating to the financing of projects and human rights-related issues.

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

Local communities

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 programme is guided by its Trustees, all of whom are senior leaders within the region. Two of the trustees are CSi directors and both now serve on the board of two of the

Credit Suisse EMEA Foundation grant partners St Giles Trust and Royal National Children’s SpringBoard Foundation.

Cancer Research UK was selected 2020 Charity of the Year.

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

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

The Strategic Report is approved by Order of the Board



Paul E Hare
Company Secretary

One Cabot Square
London E14 4QJ
30 April 2021

Directors' Report for the year ended 31 December 2020

International Financial Reporting Standards

The CSi group and Bank 2020 audited Financial Statements have been prepared on a going concern basis and in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 ('IFRS') and the applicable legal requirements of the Companies Act 2006. In addition to complying with international accounting standards in conformity with the requirements of the Companies Act 2006, the consolidated financial statements also comply with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the EU.

The Annual Report and financial statements were authorised for issue by the directors on 30 April 2021. As permitted by section 414C(11) of the Companies Act 2006, certain information is not shown in the Directors' Report because it is shown in the Strategic Report.

Dividends

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

Directors

The names of the Directors as at the date of this report are set out on page 1. Changes in the directorate since 31 December 2019 and up to the date of this report are as follows:

Appointment

Doris Honold	18.09.20
Ralf Hafner	19.11.20

Resignation

Michael Dilorio	11.05.20
Paul Ingram	22.05.20

On the 30 April 2021 Andreas Gottschling indicated his intention to step down from the board of CSi effective 30 April 2021.

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

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the directors have prepared the CSi group and Bank financial statements in accordance with international accounting standards in conformity with the

requirements of the Companies Act 2006. Additionally, the directors are required to prepare the CSi group and Bank financial statements in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the EU.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the CSi group and Bank and of their profit or loss of the CSi group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether, for CSi group and Bank, international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the CSi group and Bank will continue in business.

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

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

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

Directors' confirmations

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

- the CSi group and Bank financial statements, which have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the CSi group and profit of the Bank; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of CSi group

and Bank, together with a description of the principal risks and uncertainties that it faces.

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

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

Risk and Capital

Risks are detailed in Note 45 – Financial Risk Management. The way in which these risks are managed are detailed in the Risk Management Section of the Strategic Report.

Details of capital are set out in Note 33 – Share Capital and Share Premium and Note 47 – Capital Adequacy.

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

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

Future Developments

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

Employees

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

Research and Development

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

SECR

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

Branches and Representative Offices

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

Donations

During the year the CSi group made USD 6,643,754 (2019: USD 424,216) of charitable donations. There were no political donations made by the CSi group during the year (2019: USD Nil).

Auditor

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

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

Subsequent events

On 6 April 2021, CSG reported that it had incurred a provision for credit losses of CHF 4,430 million in Q1 2021 in respect of the failure by a US-based hedge fund on 26 March 2021 to meet its margin requirements. The US-based hedge fund was a client of CSi and the financial impact on CSi of this event was a charge of USD 4,669 million. Following the failure of the fund, CSG initiated the process of exiting the fund positions. To date, CSG estimates that it has exited 97% of the related positions. As a result, CSi has incurred additional losses in Q2 2021 of approximately USD 600 million during the process of closing out these positions. Notwithstanding this event and the impact it has had on CSi's financial performance and capital, CSi is in compliance with the relevant regulatory capital and liquidity requirements of the PRA. Following this event, CSi has reviewed exposures across its prime services business. The related risk and control governance processes are being strengthened. CSi also expects that its prime brokerage and prime financing business will be resized, with a primary focus on continuing to serve its most important franchise clients. Furthermore, the Board of Directors of CSG has initiated an externally-led investigation of this matter, which will be supervised by a special committee of the Board of Directors of CSG, of which Doris Honold, non-executive Director of CSi, is a member.

On 1 March 2021, the boards of the supply chain finance funds managed by certain CS group subsidiaries decided to suspend redemptions and subscriptions of those funds to protect the interests of the funds' investors. On 4 March 2021, the boards decided to terminate those funds and proceed to their liquidation. Those decisions were based on concerns that a substantial part of the funds' assets was subject to considerable valuation uncertainty. The assets held by the supply chain finance funds, largely consisting of notes backed by existing and future receivables, were originated and structured by Greensill Capital (UK) Limited or one of its affiliates (Greensill Capital). CSi has entered into transactions and issued products that reference the shares of one of the supply chain finance funds and consequentially has

exposure to the performance of these assets. A number of regulatory investigations and actions have been initiated or are being considered in respect of these matters. Furthermore, certain investors have already threatened litigation and, as this matter develops, CS group may become subject to litigation, disputes or other actions. It is reasonably possible that CS group will incur a loss in respect of these matters, albeit that given the early stage of this process, it is not yet possible to estimate the size of such a reasonably possible loss. Any such loss or a portion thereof arising from the transactions entered into or products issued by CSi could potentially impact CSi. The CS group, including CSi, continues to analyse these matters, including with the assistance of external counsel and other experts.

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

On behalf of the Board



Caroline Waddington
Director

One Cabot Square
London E14 4QJ
30 April 2021

Independent Auditors' Report to the Members of Credit Suisse International



Independent auditors' report to the members of Credit Suisse International

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the CSi group's and of the Bank's affairs as at 31 December 2020 and of the CSi group's profit and the CSi group's and Bank's cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the consolidated statement of financial position and bank statement of financial position as at 31 December 2020; the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity, bank statement of changes in equity, consolidated statement of cash flows and bank statement of cash flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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

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

As explained in Note 2 - Significant Accounting Policies to the financial statements, the CSi group, in addition to applying international accounting standards in conformity with the requirements of the Companies Act 2006, has also applied international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

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

Basis for opinion

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

Independence

We remained independent of the CSi group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the Financial Reporting Council's ("FRC") Ethical Standard, as

applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the CSi group.

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

Our audit approach

Context

This is the first year that PricewaterhouseCoopers LLP has been appointed as auditors of the CSi group.

Overview

Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. The scope of our audit and the nature, timing and extent of audit procedures performed were determined by our risk assessment and other qualitative factors, including consideration of our initial audit procedures.

Key audit matters

- Valuation of complex and illiquid financial instruments measured using significant unobservable inputs (CSi group and Bank)
- Measurement of defined benefit pension obligation (CSi group and Bank)
- Effect of COVID-19 on the audit and the financial statements (CSi group and Bank)
- Effect of subsequent events on the financial statements (CSi group and Bank)

Materiality

- Overall CSi group and Bank materiality: USD 100 million based on 0.5% Tier 1 capital resources of USD 20,520 million.
- CSi group and Bank performance materiality: USD 75 million (CSi group and Bank).

The scope of our audit

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

Capability of the audit in detecting irregularities, including fraud

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

Based on our understanding of the CSi group and industry, we identified that the principal risks of non-compliance with laws and regulations related to securities markets, trading and other financial products and services including conduct of business, principally those determined by the Prudential Regulation Authority ("PRA") and the Financial Conduct Authority ("FCA"), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce costs; creating fictitious transactions to hide losses or to improve financial performance; misappropriation of assets through manipulation of payments made in the course of day to day business or through a transfer of assets from custodians, and management bias in accounting estimates. As the CSi group engagement team, we shared this risk assessment with the supporting auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the CSi group engagement team and/or supporting auditors included:

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

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

Key audit matters

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

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

Key audit matter	How our audit addressed the key audit matter
<p><i>Valuation of complex and illiquid financial instruments measured using significant unobservable inputs (CSi group and Bank)</i></p> <p>The fair value of certain financial instruments is determined using valuation methods that involve a varying degree of judgement. In exercising this judgement senior management determine the most appropriate assumptions and valuation methodologies.</p> <p>The valuation of complex financial instruments can have greater estimation uncertainty due to the lack of observable market prices for these instruments. When one or more valuation inputs are unobservable and significant, the financial instrument is classified as level 3 in the valuation hierarchy. The CSi group's level 3 financial assets and liabilities measured at fair value were \$3,320m and \$4,621m, respectively, as of December 31 2020. Refer to Note 42 - Financial Instruments for further details.</p> <p>We performed a risk assessment of the financial instruments held by the CSi group using our industry experience and knowledge of the CSi group's business. We used this analysis to identify areas of greater judgement and focused our testing on these.</p>	<p>We understood and evaluated the design and tested the operating effectiveness of the key controls supporting the valuation of financial instruments, including the following:</p> <ul style="list-style-type: none"> • Inspected documentation of the independent price verification controls, tested the inputs used in those controls and assessed the pricing sources used; • Engaged our valuation specialists to test model validation controls; and • Inspected the monitoring and resolution of collateral disputes. <p>Our substantive procedures included the following:</p> <ul style="list-style-type: none"> • Utilised our valuation specialists to independently re-price a sample of instruments using our own models and pricing information from external sources. Specifically in relation to the Level 3 structured notes and the portfolio of equity options, we increased the extent of our revaluation testing. Any differences were assessed to confirm the valuation was within a reasonable range;

<p>We observed that the most significant judgements relate to the valuation of Level 3 structured notes and a portfolio of equity options with unobservable inputs. These products are non-standard and often require more judgemental valuation methodologies and market information that is not readily available.</p> <p>Refer to Note 3 - Critical Accounting Estimates and Judgements in Applying Accounting Policies and Note 42 - Financial Instruments for further details of fair value measurement of financial instruments as a critical accounting estimate and judgement.</p>	<ul style="list-style-type: none"> Recalculated adjustments made to the standard model results; and Examined collateral disputes, significant gains or losses on disposals and other events which could provide evidence about the appropriateness of the valuations. <p>We also assessed the disclosures in Note 42 - Financial Instruments regarding significant unobservable inputs and the fair value hierarchy and found them to be appropriate.</p> <p>The above procedures were completed without material exception.</p>
<p><i>Measurement of defined benefit pension obligation (CSi group and Bank)</i></p> <p>The CSi group and Bank have a defined benefit obligation of \$2,171m and a net surplus of \$1,093m as at December 31 2020.</p> <p>The valuation of the defined benefit obligation for the CSi group and company is dependent on a number of actuarial assumptions. Management uses an actuarial expert to determine the valuation of the defined benefit obligation. The expert uses a valuation methodology that requires a number of market-based inputs and other financial and demographic assumptions. The significant assumptions that we focused our audit on were the discount rate, inflation rate and mortality assumptions.</p> <p>Refer to Note 3 - Critical Accounting Estimates and Judgements in Applying Accounting Policies and Note 35 - Retirement Benefit Obligations for further details of Retirement Benefit Obligations as a critical accounting estimate and judgement.</p>	<p>We tested the design and operating effectiveness of the key controls supporting the valuation of the defined benefit pension obligation and specifically assessed the appropriateness of management's review and challenge of significant assumptions.</p> <p>Our substantive procedures included the following:</p> <ul style="list-style-type: none"> We evaluated the objectivity and competence of management's actuarial expert involved in the valuation of the defined benefit obligation; We assessed the appropriateness of the methodology used to estimate the liability; In respect of the significant assumptions, our actuarial experts assessed the judgements made by management and management's actuarial expert and compared these to our independently compiled expected ranges; In particular, using information about the fund's membership profile and benefit structure, our actuarial experts independently recalculated the defined benefit obligation at 31 December 2020 using their own models by rolling forward the results as at 31 December 2019, and allowing for the changes in assumptions, relevant cashflows and other movements; and We evaluated and tested the disclosures made in Note 35 - Retirement Benefit Obligations in relation to defined benefit pension obligation. <p>The above procedures were completed without material exception.</p>
<p><i>Effect of COVID-19 on the audit and the financial statements (CSi group and Bank)</i></p> <p>The COVID-19 global pandemic has resulted in unprecedented economic conditions and resulting government support programmes and regulatory interventions to support businesses and people.</p> <p>The effects of the COVID-19 pandemic and the resulting uncertainty has affected a number of estimates in the CSi group and Bank financial statements, and we considered these effects in addressing each key audit matter discussed in this opinion, including the valuation of complex and illiquid financial instruments measured using significant unobservable inputs and measurement of the defined benefit pension obligation.</p>	<p>We critically assessed the areas in which COVID-19 had a significant impact on our audit. In particular:</p> <ul style="list-style-type: none"> As part of our planning, we assessed the impact of the disruption caused by COVID-19 on the risk of material misstatement. We concluded that no significant changes to our plan were required; We evaluated the controls in place during the year which were relevant to our audit by undertaking walkthroughs of key processes and testing the operating effectiveness of relevant controls that we planned to rely on; We reviewed management reporting, internal audit reports and discussed the impact of the pandemic with senior management, which included understanding the impact of the

As described in Note 2 - Significant Accounting Policies, the Directors considered the impact of the pandemic on the CSi group and company's ability to continue as a going concern.

Given the current and forecast financial performance, the capital and liquidity position of the CSi group and the effect of the subsequent events disclosed in the financial statements the Directors have concluded that there is no material uncertainty and the CSi group and company will continue as a going concern for twelve months from the date of approval of the financial statements.

The COVID-19 pandemic has also changed the way that companies operate their businesses, with one of the most substantial impacts being the transition to remote working. Substantially all of the CSi group's employees have been working remotely for a significant part of 2020, with some consequential changes to the CSi group's processes and the control environment. Our audit team has also been working remotely for all of 2020 including the period during which we performed the audit.

transition of employees to working remotely on the control environment relevant to financial reporting; and

- We considered the impact on estimates included in the financial statements, in particular in relation to the valuation of financial instruments. We did not identify any material impacts on the estimates as at 31 December 2020.

We also made enquiries of management to understand the effect of COVID-19 on the CSi group and Bank's financial performance, business operations and regulatory capital and liquidity ratios. As a result of these procedures, we concluded that the impact of COVID-19 as it relates to the going concern assumption has been appropriately evaluated and reflected in the preparation of the financial statements. We discuss our conclusions related to going concern, including the effect of COVID-19 and the subsequent events disclosed in Note 49 to the financial statements, later in our report.

We adapted our own working practices to remote working and ensured we gathered appropriate audit evidence. Substantially all of the information and audit evidence we need for our audit is provided in electronic format. We were not able to visit the supporting auditors during our 2020 audit. However, we engaged with and directed these teams using video conferencing and telephone calls. To ensure we were satisfied with the audit work performed by the supporting offices we evaluated and reviewed audit evidence by remotely reviewing electronic audit files or using share-screen functionality in video conferencing.

Based on the work performed, we are satisfied that our audit addressed the impact of any disruption caused by COVID-19. We have also concluded that the impact of COVID-19 has been appropriately evaluated and reflected in the preparation of these financial statements.

Effect of subsequent events on the financial statements (CSi group and Bank)

As explained in Note 49 - Subsequent Events, the CSi group experienced two material subsequent events.

The CSi group incurred a material credit loss of \$4,669m in Q1 2021, followed by additional losses of approximately \$600m, in connection with the failure of a US-based hedge fund to meet its margin requirements. This loss has impacted the CSi group's financial performance and capital position in 2021.

The CSi group had also entered into transactions and issued products that reference units of a supply chain finance fund which was managed by certain subsidiaries of the Credit Suisse Group AG ("CS group"). The fund was suspended and liquidation proceedings commenced in March 2021. It is possible that the CS group will incur losses in connection with litigation, disputes or other actions related to this termination, and any such loss or a portion thereof arising from the transactions entered into or products issued by the CSi group could potentially affect the CSi group.

In respect of these subsequent events we performed the following:

- We obtained an understanding of the facts and circumstances of the matters through discussion with management and inspection of correspondence, reports and other evidence relating to the events and evaluated their effect on our audit and the financial statements;
- We considered the application of IAS 10 *Events after the reporting period* to the two events and agreed with management's conclusion that these are non-adjusting subsequent events;
- We assessed the effect of the subsequent events on the ability of the CSi group and Bank to continue as a going concern, as explained under *Conclusions relating to going concern* later in this report; and
- We reviewed the disclosures of these events made in the Annual Report, including the Strategic Report and Notes 2 and 49 to the financial statements, and consider them to be appropriate.

The directors have considered the impact of these matters on the financial statements and have concluded that they are non-adjusting subsequent events, but given they are material, have disclosed them in Note 49 - Subsequent Events.

As set out in Note 2 - Significant Accounting Policies, the Board of Directors also considered these matters in forming its assessment that the CSi group should adopt the going concern basis in preparing its financial statements.

These procedures were completed without material exception.

How we tailored the audit scope

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

The CSi group and Bank provide a variety of financial services to clients worldwide. The CSi group consists of the Bank, its branches, subsidiaries and consolidated structured entities as set out in the Strategic Report, Note 41 - Interests in other entities and Note 48 - CSi's subsidiaries and associates. The Bank operates a number of branches and representative offices across Europe to provide financial services to clients in those regions. The group consolidates a number of subsidiaries and structured entities in connection with the provision of financial services to its clients and other members of the CS group.

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

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

Materiality

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

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

	Financial statements - CSi group and Bank
<i>Overall materiality</i>	USD 100 million.
<i>How we determined it</i>	0.5% of Tier 1 capital resources of USD 20,520 million
<i>Rationale for benchmark applied</i>	The immediate and ultimate parent companies, certain creditors (e.g. noteholders) and the Bank's regulators are the primary users of the financial statements. The level of Tier 1 capital resources is a key area of focus for these users.

We determined that there was only one material component in the scope of our CSi group audit, therefore we allocated the full materiality to this component.

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

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

We agreed with the audit committee that we would report to them misstatements identified during our audit above USD 5 million (CSi group and Bank audit) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

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

- A detailed risk assessment to identify factors that could impact the going concern basis of accounting, including the effect of COVID-19, with further commentary in our key audit matter *Effect of COVID-19 on the audit and the financial statements*;
- Understanding and evaluating the CSi group and Bank's current and forecast performance, reviewing key assumptions made in the forecasting process and evaluating the impact of the UK's withdrawal from the European Union, COVID-19 and the subsequent events disclosed in Note 49 to the financial statements to ensure they had been appropriately considered in the forecast;
- Gaining an understanding of, and reviewing, management's assessment of the CSi group's capital and liquidity position, taking into account the ability of the CS group to provide support given CSi group's longer-term reliance on funding from Credit Suisse AG;
- We reviewed management's going concern assessment as well as the ICAAP and ILAAP submissions to the PRA; and
- A number of other audit procedures were also performed to test management's conclusions, such as management enquiries and review of regulatory correspondence.

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

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

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

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

Reporting on other information

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

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

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

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

Strategic Report and Directors' Report

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

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

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

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the audit committee, we were appointed by the directors on 25 March 2020 to audit the financial statements for the year ended 31 December 2020 and subsequent financial periods. This is therefore our first year of uninterrupted engagement.

Other matter

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



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

Financial Statements for the year ended 31 December 2020

Consolidated Statement of Income for the Year ended 31 December 2020

	Reference to note	Year ended 31 December	
		2020	Restated 2019 ¹
Consolidated Statement of Income (USD million)			
Interest income	5	497	1,200
- of which Interest income from instruments at amortised cost		369	974
Interest expense	5	(487)	(972)
- of which Interest expense on instruments at amortised cost		(424)	(811)
Net interest income		10	228
Commission and fee income	6	363	340
Allowance for credit losses	8	(17)	(4)
Net gains from financial assets/liabilities at fair value through profit or loss	9	1,715	1,321
Other revenues	10	241	164
Net revenues		2,312	2,049
Compensation and benefits	11	(841)	(838)
General, administrative and trading expenses	12	(1,272)	(1,048)
Restructuring expenses	13	(8)	-
Total operating expenses		(2,121)	(1,886)
Profit before taxes from continuing operations		191	163
Income tax benefit from continuing operations	14	12	150
Profit after tax from continuing operations		203	313
Discontinued Operations			
Profit before tax from discontinued operations	31	10	27
Income tax expense from discontinued operations	31	(2)	(4)
Profit after tax from discontinued operations		8	23
Profit for the year		211	336

¹ 2019 numbers have been restated to disclose the impact of prior period adjustments. Details are included in Note 2- Significant Accounting Policies.

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

	Year ended 31 December	
	2020	2019
Consolidated Statement of Comprehensive Income (USD million)		
Profit for the year	211	336
Cash flow hedges – effective portion of changes in fair value	24	21
Related tax on Cash flow hedges – effective portion of changes in fair value	(6)	-
Items that are or may be reclassified subsequently to Statement of income	18	21
Remeasurements of defined benefit asset	(24)	(154)
Related tax on remeasurements of defined benefit asset	10	38
Realised gains relating to credit risk on designated financial liabilities extinguished during the period reclassified to retained earnings	4	8
Unrealised losses on designated financial liabilities relating to credit risk	(6)	(13)
Items that will not be reclassified to Statement of income	(16)	(121)
Other comprehensive income for the year (net off taxes)	2	(100)
Total comprehensive income	213	236
Attributable to Credit Suisse International shareholders	213	236

The notes on pages 69 to 216 form an integral part of the Financial Statements.

Consolidated Statement of Financial Position as at 31 December 2020

	Reference to note	As at 31 December	
		2020	Restated 2019 ¹
Assets (USD million)			
Cash and due from banks		6,225	4,438
Interest-bearing deposits with banks		14,486	12,205
Securities purchased under resale agreements and securities borrowing transactions	16	4,559	6,145
Trading financial assets mandatorily at fair value through profit or loss ¹	17	188,620	143,021
<i>of which positive market values from derivative instruments</i>	17	156,155	120,725
Non-trading financial assets mandatorily at fair value through profit or loss	18	25,516	22,294
Loans and advances ²	20	3,151	3,103
Investment property	21	15	17
Current tax assets		39	51
Deferred tax assets	15	199	196
Other assets ¹	22	44,566	33,223
Property and equipment	25	451	535
Intangible assets	26	485	489
Assets held for sale	31	1,934	531
Total assets		290,246	226,248
Liabilities (USD million)			
Due to banks ⁴	27	433	435
Securities sold under repurchase agreements and securities lending transactions	16	4,783	3,155
Trading financial liabilities mandatorily at fair value through profit or loss ¹	17	164,364	126,830
<i>of which negative market values from derivative instruments</i>	17	153,521	122,811
Financial liabilities designated at fair value through profit or loss	19	29,788	21,115
Borrowings	28	2,436	14,116
Current tax liabilities		4	38
Other liabilities ¹	22	32,418	22,596
Provisions	29	4	22
Debt in issuance ³	30	31,597	14,008
Lease liabilities ³	23	705	716
Liabilities held for sale	31	707	431
Total liabilities		267,239	203,462
Shareholders' equity (USD million)			
Share capital	33	11,366	11,366
Share premium	33	–	12,704
Capital contribution		887	875
Retained earnings		10,881	(2,030)
Accumulated other comprehensive income	32	(127)	(129)
Total shareholders' equity		23,007	22,786
Total liabilities and shareholders' equity		290,246	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.

⁴ Deposits are renamed as 'Due to banks' to better describe the nature of items under the heading.

The financial statements on pages 61 to 216 were approved by the Board of Directors on 30 April 2021 and signed on its behalf by:

Caroline Waddington
Director



The notes on pages 69 to 216 form an integral part of the Financial Statements.

Bank Statement of Financial Position as at 31 December 2020

	Reference to note	As at 31 December	
		2020	Restated 2019 ¹
Assets (USD million)			
Cash and due from banks		6,194	4,408
Interest-bearing deposits with banks		14,486	12,205
Securities purchased under resale agreements and securities borrowing transactions	16	4,559	6,145
Trading financial assets mandatorily at fair value through profit or loss ¹	17	188,460	142,627
<i>of which positive market values from derivative instruments</i>	17	156,156	120,726
Non-trading financial assets mandatorily at fair value through profit or loss ¹	18	25,624	22,344
Loans and advances ²	20	3,151	3,103
Current tax assets		39	51
Deferred tax assets	15	199	196
Other assets ¹	22	44,566	33,223
Property and equipment	25	451	535
Intangible assets	26	485	489
Assets held for sale	31	1,934	531
Total assets		290,148	225,857
Liabilities (USD million)			
Due to banks ⁴	27	433	435
Securities sold under repurchase agreements and securities lending transactions	16	4,783	3,155
Trading financial liabilities mandatorily at fair value through profit or loss	17	164,361	126,632
<i>of which negative market values from derivative instruments</i>	17	153,522	122,812
Financial liabilities designated at fair value through profit or loss	19	29,630	20,993
Borrowings	28	2,436	14,116
Current tax liabilities		4	38
Other liabilities	22	32,418	22,596
Provisions	29	4	22
Debt in issuance ³	30	31,661	13,937
Lease liabilities ³	23	704	716
Liabilities held for sale	31	707	431
Total liabilities		267,141	203,071
Shareholders' equity (USD million)			
Share capital	33	11,366	11,366
Share premium	33	–	12,704
Capital contribution		887	875
Retained earnings ¹		10,881	(2,030)
Accumulated other comprehensive income	32	(127)	(129)
Total shareholders' equity		23,007	22,786
Total liabilities and shareholders' equity		290,148	225,857

¹ 2019 numbers have been restated to disclose the effect of adjustments related to offsetting of centrally cleared derivative transactions and fair value adjustment of loans relating to SPE. 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.

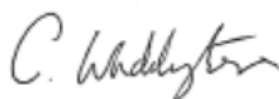
³ Lease liabilities, previously disclosed within Debt in issuance, have been presented as a separate heading.

⁴ Deposits are renamed as 'Due to banks' to better describe the nature of items under the heading.

The Bank's profit after tax was USD 211 million for the year ended 31 December 2020 (2019: Profit USD 335 million). As permitted by s408 of the Companies Act 2006, no separate income statement is presented in respect of the Bank.

The financial statements on pages 61 to 216 were approved by the Board of Directors on 30 April 2021 and signed on its behalf by:

Caroline Waddington
Director



The notes on pages 69 to 216 form an integral part of the Financial Statements.

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

	Share Capital	Share Premium	Capital contribution	Retained Earnings	AOCI ¹	Total
Consolidated Statement of Changes in Equity (USD million)						
Balance at 1 January 2020	11,366	12,704	875	(2,030)	(129)	22,786
Net profit for the year	–	–	–	211	–	211
Realised gain/(loss) relating to credit risk on designated financial liabilities extinguished during year reclassified to retained earnings	–	–	–	(4)	4	–
Related tax on Realised losses relating to credit risk on designated financial liabilities extinguished during year	–	–	–	1	–	1
Unrealised loss on designated financial liabilities relating to credit risk	–	–	–	–	(6)	(6)
Related tax on Unrealised loss on designated financial liabilities relating to credit risk	–	–	–	–	–	–
Cash flow hedges – effective portion of changes in fair value	–	–	–	–	24	24
Related tax on Cash flow hedges – effective portion of changes in fair value	–	–	–	–	(6)	(6)
Gain on business transfer to other CS entities	–	–	9	–	–	9
Remeasurement of defined benefit pension assets	–	–	–	–	(24)	(24)
Related tax on remeasurement of defined benefit pension assets	–	–	–	–	10	10
Gain on loan sale to CSD	–	–	4	–	–	4
Related tax on gain on loan sale to CSD	–	–	(1)	–	–	(1)
Related taxes on initial application of IFRS16 due to tax rate changes	–	–	–	(1)	–	(1)
Total comprehensive gain for the period	–	–	12	207	2	221
Transactions with owners of the Company						
Share premium reclassification to retained earnings	–	(12,704)	–	12,704	–	–
Balance at 31 December 2020	11,366	–	887	10,881	(127)	23,007
Consolidated Statement of Changes in Equity (USD million)						
Balance at 1 January 2019	12,366	12,704	–	(2,381)	(29)	22,660
Adjustment on initial application of IFRS 16 (net of tax)	–	–	–	21	–	21 ²
Adjusted balance at 1 January 2019	12,366	12,704	–	(2,360)	(29)	22,681
Net profit for the period	–	–	–	336	–	336
Realised gain/(loss) relating to credit risk on designated financial liabilities extinguished during year reclassified to retained earnings	–	–	–	(8)	8	–
Related tax on Realised losses relating to credit risk on designated financial liabilities extinguished during year	–	–	–	2	–	2
Unrealised loss on designated financial liabilities relating to credit risk	–	–	–	–	(13)	(13)
Cash flow hedges – effective portion of changes in fair value	–	–	–	–	21	21
Transfer UK Pension Fund from CSS(E)L	–	–	1,165	–	–	1,165
Related tax on transfer UK Pension Fund from CSS(E)L	–	–	(291)	–	–	(291)
Remeasurement of defined benefit pension assets	–	–	–	–	(154)	(154)
Related tax on remeasurement of defined benefit pension assets	–	–	–	–	38	38
Gain on loan sale to CSD	–	–	2	–	–	2
Related tax on gain on loan sale to CSD	–	–	(1)	–	–	(1)
Total comprehensive gain for the period	–	–	875	330	(100)	1,105
Transactions with owners of the Company						
Capital reduction of ordinary shares	(1,000)	–	–	–	–	(1,000)
Balance at 31 December 2019	11,366	12,704	875	(2,030)	(129)	22,786

¹ AOCI refers to Accumulated Other Comprehensive Income

² The CSI group adopted IFRS 16 on 1 January 2019 using the modified retrospective approach with the cumulative effect adjustment recognised in retained earnings without restating comparatives.

There were no dividends paid during 2020 (2019: Nil).

The notes on pages 69 to 216 form an integral part of the Financial Statements.

Bank Statement of Changes in Equity for the Year ended 31 December 2020

	Share Capital	Share Premium	Capital contribution	Retained Earnings	AOCI ¹	Total
Bank Statement of Changes in Equity (USD million)						
Balance at 1 January 2020	11,366	12,704	875	(2,030)	(129)	22,786
Net profit for the year	–	–	–	211	–	211
Realised gain / (loss) relating to credit risk on designated financial liabilities extinguished during year reclassified to retained earnings	–	–	–	(4)	4	–
Related tax on Realised losses relating to credit risk on designated financial liabilities extinguished during year	–	–	–	1	–	1
Unrealised loss on designated financial liabilities relating to credit risk	–	–	–	–	(6)	(6)
Related tax on Unrealised loss on designated financial liabilities relating to credit risk	–	–	–	–	–	–
Cash flow hedges – effective portion of changes in fair value	–	–	–	–	24	24
Related tax on Cash flow hedges – effective portion of changes in fair value	–	–	–	–	(6)	(6)
Gain on business transfers to other CS entities	–	–	9	–	–	9
Remeasurement of defined benefit pension assets	–	–	–	–	(24)	(24)
Related tax on defined benefit pension assets	–	–	–	–	10	10
Gain on loan sale to CSD	–	–	4	–	–	4
Related tax on Gain on loan sale to CSD	–	–	(1)	–	–	(1)
Related taxes on initial application of IFRS16 due to tax rate changes	–	–	–	(1)	–	(1)
Total comprehensive gain for the period	–	–	12	207	2	221
Transactions with owners of the Company						
Share premium reclassification to retained earnings	–	(12,704)	–	12,704	–	–
Balance at 31 December 2020	11,366	–	887	10,881	(127)	23,007
Bank Statement of Changes in Equity (USD million)						
Balance at 1 January 2019	12,366	12,704	–	(2,316)³	(29)	22,725
Adjustment on initial application of IFRS 16 (net of tax)	–	–	–	21	–	21 ²
Adjustment for fair value adjustment on loan to SPE	–	–	–	(64) ³	–	(64)
Adjusted balance at 1 January 2019	12,366	12,704	–	(2,359)³	(29)	22,682
Net profit for the year	–	–	–	335 ³	–	335
Realised gain/(loss) relating to credit risk on designated financial liabilities extinguished during year reclassified to retained earnings	–	–	–	(8)	8	–
Related tax on Realised losses relating to credit risk on designated financial liabilities extinguished during year	–	–	–	2	–	2
Unrealised loss on designated financial liabilities relating to credit risk	–	–	–	–	(13)	(13)
Cash flow hedges – effective portion of changes in fair value	–	–	–	–	21	21
Transfer UK Pension Fund from CSS(E)L	–	–	1,165	–	–	1,165
Related tax on transfer UK Pension Fund from CSS(E)L	–	–	(291)	–	–	(291)
Remeasurement of defined benefit pension assets	–	–	–	–	(154)	(154)
Related tax on remeasurement of defined benefit pension assets	–	–	–	–	38	38
Gain on loan sale to CSD	–	–	2	–	–	2
Related tax on gain on loan sale to CSD	–	–	(1)	–	–	(1)
Total comprehensive gain for the period	–	–	875	329³	(100)	1,104
Transactions with owners of the Company						
Capital reduction of ordinary shares	(1,000)	–	–	–	–	(1,000)
Balance at 31 December 2019	11,366	12,704	875	(2,030)^{1,3}	(129)	22,786

¹ AOCI refers to Accumulated Other Comprehensive Income

² The CSI Bank adopted IFRS 16 on 1 January 2019 using the modified retrospective approach with the cumulative effect adjustment recognised in retained earnings without restating comparatives.

³ 2019 numbers have been restated to disclose the impact of prior period adjustments. Details are included in Note 2- Significant Accounting Policies .

There were no dividends paid during 2020 (2019: Nil).

The notes on pages 69 to 216 form an integral part of the Financial Statements.

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

		Year ended 31 December	
	Reference to note	2020 ²	Restated 2019 ²
Cash flows from operating activities (USD million)			
Profit before tax for the period		201	190
Adjustments to reconcile profit before tax to net cash generated from/(used in) operating activities (USD million)			
Non-cash items included in profit before tax and other adjustments:			
Depreciation, impairment and amortisation	12,25,26,31	220	176
Depreciation and impairment on investment property	12,21	1	1
Pension plan charge	35	25	–
Accrued interest on debt in issuance	5,31	168	289 ³
Accrued interest on leases	5	21	32 ³
Allowances for credit losses	8,31	20	4
Foreign exchange loss		1,842	161
Provisions	29	(1)	17
Total adjustments		2,296	680
Cash generated before changes in operating assets and liabilities		2,497	870
Net (increase)/decrease in operating assets:			
Interest bearing deposit with banks		(2,281)	5,654
Securities purchased under resale agreements and securities borrowing transactions	16	1,586	4,342
Trading financial assets mandatorily at fair value through profit or loss	17,31	(47,214)	5,603 ⁵
Non-trading financial assets mandatorily at fair value through profit or loss	18,31	(3,128)	(4,734)
Loans and advances	20	15	615
Other assets	22,31	(11,351)	(1,995) ⁵
Net (increase)/decrease in operating assets		(62,373)	9,485
Net increase/(decrease) in operating liabilities:			
Securities sold under repurchase agreements and securities lending transactions	16	1,628	764
Trading financial liabilities mandatorily at fair value through profit or loss	17,31	37,816	511 ⁵
Financial liabilities designated at fair value through profit or loss	19	8,577	(2,968)
Borrowings	28	(11,680)	(5,439)
Share based compensation (Included in other liabilities & provisions)	22	50	(133)
Other liabilities and provisions	22,31	9,728	(698) ⁵
Net increase/(decrease) in operating liabilities		46,119	(7,963)
Income taxes refunded		1	–
Income taxes paid		(34)	(17)
Net group relief received/(paid)		40	(4)
Net cash (used in)/generated from operating activities		(13,750)	2,371
Cash flows from investing activities (USD million)			
Proceeds from property, equipment and intangible assets	25,26,31	23	10
Capital expenditures for property, equipment and intangible assets	25,26	(160)	(251)
Net cash used in investing activities		(137)	(241)
Cash flow from financing activities (USD million)			
Issuances of debt in issuance	30	19,355	4,083
Repayments of debt in issuance	30	(3,812)	(2,363) ³
Repayments of lease liability		(50)	(35) ³
Capital reduction of ordinary shares		–	(1,000)
Net cash flow generated from financing activities		15,493	685
Net change in cash and cash equivalents		1,606	2,815
Cash and cash equivalents at beginning of period ¹		4,003	1,201
Effect of exchange rate fluctuations on cash and cash equivalents		183	(13)
Cash and cash equivalents at end of period (USD million)		5,792	4,003
Cash and due from banks		6,225	4,438
Due to banks ⁴	27	(433)	(435)
Cash and cash equivalents at end of period (USD million)¹		5,792	4,003

Interest received was USD 580 million (2019: USD 1,456 million), interest paid was USD 582 million (2019: USD 1,086 million).

¹ At 2020, USD 46 million (2019: 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 31 – Discontinued Operations and Assets and Liabilities Held for Sale.

³ Lease liabilities, previously disclosed within Debt in issuance, have been presented under a separate heading 'Lease liabilities'.

⁴ Deposits are renamed as 'Due to banks' to better describe the nature of items under the heading.

⁵ 2019 numbers have been restated to disclose the impact of prior period adjustments. Details are included in Note 2- Significant Accounting Policies.

Refer to Note 33 – Share Capital and Share Premium for significant non-cash transactions.

The notes on pages 69 to 216 form an integral part of the Financial Statements.

Bank Statement of Cash Flows for the Year ended 31 December 2020

		Year ended 31 December	
	Reference to notes	2020 ²	Restated 2019 ²
Cash flows from operating activities (USD million)			
Profit before tax for the period		201	189 ⁵
Adjustments to reconcile profit before tax to net cash used in operating activities			
Non-cash items included in profit before tax and other adjustments:			
Depreciation, impairment and amortisation	12,25,26,31	220	176
Pension plan charge	35	25	–
Accrued interest on debt in issuance	5,31	168	289 ³
Accrued interest on lease liability	5	21	32 ³
Provision for credit losses	8,31	20	4
Foreign exchange loss		1,977	248
Provisions	29	(1)	17
Total adjustments		2,430	766
Cash generated before changes in operating assets and liabilities		2,631	955
Net (increase)/decrease in operating assets:			
Interest bearing deposits with banks		(2,281)	5,654
Securities purchased under resale agreements and securities borrowing transactions	16	1,586	4,342
Trading financial assets mandatorily at fair value through profit or loss	17,31	(47,448)	5,841 ⁵
Non-trading financial assets mandatorily at fair value through profit or loss	18,31	(3,186)	(4,795) ⁵
Loans and advances	20	15	615
Other assets	22,31	(11,352)	(1,995) ⁵
Net (increase)/decrease in operating assets		(62,666)	9,662
Net increase/(decrease) in operating liabilities:			
Securities sold under repurchase agreements and securities lending transactions	16	1,628	764
Trading financial liabilities at fair value through profit or loss	17,31	38,011	313 ⁵
Financial liabilities designated at fair value through profit or loss	19	8,541	(3,029)
Borrowings	28	(11,680)	(5,439)
Share Based Compensation (Included in other liabilities & provisions)	22	50	(133)
Other liabilities and provisions	22,31	9,727	(698) ⁵
Net increase/(decrease) in operating liabilities		46,277	(8,222)
Net cash (used in)/generated from operating activities		(13,751)	2,374
Cash flows from investing activities (USD million)			
Proceeds from property, equipment and intangible assets	25,26,31	23	10
Capital expenditures for property, equipment and intangible assets	25,26	(160)	(251)
Net cash used in investing activities		(137)	(241)
Cash flows from financing activities (USD million)			
Issuances of debt in issuance	30	19,543	4,083
Repayments of debt in issuance	30	(4,000)	(2,363) ³
Repayments of lease liability		(50)	(35) ³
Capital reduction of ordinary shares		–	(1,000)
Net cash flow from/(used in) financing activities		15,493	685
Net decrease in cash and cash equivalents		1,605	2,818
Cash and cash equivalents at beginning of period ¹		3,973	1,168
Effect of exchange rate fluctuations on cash and cash equivalents		183	(13)
Cash and cash equivalents at end of period (USD million)		5,761	3,973
Cash and due from banks		6,194	4,408
Due to banks ⁴	27	(433)	(435)
Cash and cash equivalents at end of period (USD million)¹		5,761	3,973

Interest received was USD 580 million (2019: USD 1,456 million), interest paid was USD 582 million (2019: USD 1,086 million).

¹ At 2020, USD 46 million (2019: 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 31 – Discontinued Operations and Assets and Liabilities Held for Sale.

³ Lease liabilities, previously disclosed within Debt in issuance, have been presented under a separate heading 'Lease liabilities'.

⁴ Deposits are renamed as 'Due to banks' to better describe the nature of items under the heading.

⁵ 2019 numbers have been restated to disclose the impact of prior period adjustments. Details are included in Note 2- Significant Accounting Policies.

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Notes to the Financial Statements for the year ended 31 December 2020

1 General

Credit Suisse International ('CSi' or the 'Bank') is a bank domiciled in the United Kingdom and registered in England and Wales. The address of the Bank's registered office is One Cabot Square, London, E14 4QJ. The Consolidated Financial Statements for the

year ended 31 December 2020 comprise CSi and its subsidiaries (together referred to as the 'CSi group'). The Consolidated Financial Statements were authorised for issue by the Directors on 30 April 2021.

2 Significant Accounting Policies

a) Statement of compliance

Both the Bank financial statements and the CSi group financial statements have been prepared on a going concern basis and in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and the applicable legal requirements of the Companies Act 2006. In addition to complying with international accounting standards in conformity with the requirements of the Companies Act 2006, the consolidated financial statements are also prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

b) Basis of preparation

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

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

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

necessary to ensure consistency with the policies adopted by the group.

c) Prior period restatements

Certain reclassifications and restatements have been made to the comparative Financial Statements of the CSi group and the Bank 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 on net revenues, profit for the period or shareholders' equity.

(1) Prior period restatement of negative interest

Interest resulting from a negative effect of interest on a financial asset does not meet the definition of interest income as this reflects a gross outflow, instead of a gross inflow of economic benefits. Consequently, the expense arising on a financial asset because of a negative effect interest should not be presented as interest income, but in an appropriate expense classification. Errors were identified in the calculation used to present negative interest on cash collateral as an interest income and expense. This restatement resulted in the following adjustments being recognised for the year ended 31 December 2019:

- 'Interest Income' was overstated by USD 191 million and 'Interest Expense' was overstated by USD 191 million.
- Adjustments were made to correct these errors.
- Notes 5- 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 17- Trading Financial Assets and Liabilities Mandatorily at Fair Value Through Profit or Loss, Note 22- Other Assets and Other Liabilities, Note 39- Derivatives and Hedging Activities, Note 42- Financial Instruments and Note 46- Offsetting of Financial Assets and Financial Liabilities were restated as a result of this error.

(3) Prior period restatement in Discontinued Operations

CSi group has begun to transfer its portfolio into another CS group entity. This transaction qualifies for discontinued operations treatment under IFRS. Income/loss arising from Discontinued Operations is manually computed based on a percentage arrived at as a ratio of EU counterpart's share of Asset in a particular division to the Total Assets for that division. The percentage for one of the divisions was miscalculated due to an incorrect gross up between two divisions. This resulted in the incorrect computation of gain or loss arising from Discontinued Operations.

(4) Prior period restatement of fair value adjustment of loan to a special purpose entity (CSi stand-alone impact only)

CSi consolidates Special Purpose Entities ('SPEs') and has made loans to these SPEs. In CSi's stand-alone financial statements, the loans should have been adjusted down to represent the losses sustained in the SPEs over the preceding years. This resulted in an overstatement of the Financial position and Income statement for CSi. The restatement has resulted in the following adjustment in the statement of financial position and Income statement as at 31 December 2019:

- In the statement of financial position: Non-trading financial assets mandatorily at fair value through profit and loss were overstated by USD 66 million. Shareholders' equity was overstated by USD 66 million.
- In the statement of Income: Profit for the year ended 2019 was overstated by USD 2 million.

All adjustments as mentioned above resulted in the following adjustments being recorded as at 31 December 2019.

Group	Published for the year ended 31 December 2019	Restatement for Negative Interest	Restatement for Discontinued Operations	Restated for the year ended 31 December 2019
Consolidated statement of income (USD million)				
Continuing Operations				
Interest income	1,273	(191)	118	1,200
Interest expense	(1,111)	191	(52)	(972)
Net interest income	162	–	66	228
Commission and fee income	336	–	4	340
Allowances for credit losses	(4)	–	–	(4)
Net gains from financial assets/liabilities at fair value through profit or loss	1,271	–	50	1,321
Other income	154	–	10	164
Net revenues	1,919	–	130	2,049
Compensation and benefits	(796)	–	(42)	(838)
General, administrative and trading expenses	(986)	–	(62)	(1,048)
Restructuring expenses	–	–	–	–
Total operating expenses	(1,782)	–	(104)	(1,886)
Profit before taxes from continuing operations	137	–	26	163
Income tax benefit/(expense) from continuing operations	158	–	(8)	150
Profit after tax from continuing operations	295	–	18	313
Discontinued Operations				
Profit before tax from discontinued operations	53	–	(26)	27
Income tax expense from discontinued operations	(12)	–	8	(4)
Profit after taxes from discontinued operations	41	–	(18)	23
Profit for the year	336	–	–	336

Group	Restatement				
	Opening Balance as on 1 January 2019 ¹	Published as on 31 December 2019	Adjustment for Centrally cleared derivative transactions	Fair value adjustment of loan to SPE	Restated 2019
Assets and Liabilities (In USD million)					
Trading financial assets mandatorily at fair value through profit or loss	148,870	148,443	(5,422)	–	143,021
<i>of which positive market values from derivative instruments</i>	124,630	126,147	(5,422)	–	120,725
Non-trading financial assets mandatorily at fair value through profit or loss	17,659	22,294	–	–	22,294
Other assets	30,287	35,231	(2,008)	–	33,223
Trading financial liabilities mandatorily at fair value through profit or loss	126,556	133,536	(6,706)	–	126,830
<i>of which negative market values from derivative instruments</i>	123,597	129,517	(6,706)	–	122,811
Other liabilities	23,426	23,320	(724)	–	22,596
Retained Earnings	(2,360)	(2,030)	–	–	(2,030)

¹ Opening balance as on 1 January 2019 represent adjusted numbers after prior period restatements. Trading Financial Assets mandatorily at fair value through profit or loss' were understated by USD 196 million, 'Trading Financial Liabilities mandatorily at fair value through profit or loss' were understated by USD 142 million, 'Other assets' were understated by USD 33 million and 'Other liabilities' were understated by USD 87 million.

Bank	Restatement				
	Opening Balance as on 1 January 2019 ¹	Published as on 31 December 2019	Adjustment for Centrally cleared derivative transactions	Fair value adjustment of loan to SPE	Restated 2019
Assets and Liabilities (In USD million)					
Assets (USD million)					
Trading financial assets mandatorily at fair value through profit or loss	148,714	148,049	(5,422)	–	142,627
<i>of which positive market values from derivative instruments</i>	124,712	126,148	(5,422)	–	120,726
Non-trading financial assets mandatorily at fair value through profit or loss	17,648	22,410	–	(66)	22,344
Other assets	30,287	35,231	(2,008)	–	33,223
Trading financial liabilities mandatorily at fair value through profit or loss	126,556	133,338	(6,706)	–	126,632
<i>of which negative market values from derivative instruments</i>	123,598	129,518	(6,706)	–	122,812
Other liabilities	23,426	23,320	(724)	–	22,596
Retained earnings	(2,359)	(1,964)	–	(66)	(2,030)

¹ Opening balance as on 1 January 2019 represent adjusted numbers after prior period restatements. Trading Financial Assets mandatorily at fair value through profit or loss' were understated by USD 196 million, Non-trading financial assets mandatorily at fair value through profit and loss were overstated by USD 66 million, 'Trading Financial Liabilities mandatorily at fair value through profit or loss' were understated by USD 142 million, 'Other assets' were understated by USD 33 million, 'Other liabilities' were understated by USD 87 million and 'Shareholders' equity (retained earnings)' was overstated by USD 66 million.

d) Going Concern

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. 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 impact of COVID-19 on operations and business.

CSi delivered a resilient performance in 2020. The performance section details the profitability during 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 from derivative transactions in the first half of the year. In addition, refer to Note 8 – Allowance for Credit Losses which showed an increase of USD 13 million on CSi's

accrual based instruments and Note 34 – Expected Credit Loss Measurement. CSi's total balance sheet increased primarily due to its large derivative portfolio, which was caused by market pricing movements, coupled with an increase in cash collateral.

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 to be the necessary actions to safeguard operations while ensuring the safety of its teams. In addition, CSi established and continues to support numerous measures for its employees to help overcome the challenges of the pandemic, including working from home measures or split working arrangements as well as paid family leave in all markets in which schools are closed for colleagues who are unable to work from home while also looking after their children or other family members. Also, no employees were furloughed under the Government's Coronavirus Job Retention Scheme ('CJRS'). To contribute to the communities in which CS group operates, CS group set up a bank-wide donor-advised matching program, launched to encourage employee donations to charities.

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

In considering going concern, the directors have reviewed the capital, liquidity and financial position of CSi including future capital, liquidity and financial plans to the end of 2022, including under a series of systemic stress scenarios.

The directors have also considered the market developments during the year caused by COVID-19 and subsequent events in 2021 including in March 2021, when a US-based hedge fund failed to meet its margin commitments to CSi, and as a result CSi has recorded losses of approximately USD 5,269 million in 2021.

Following these losses, management executed a number of actions to support CSi's capital position and CSi has capital and liquidity surpluses to all regulatory and internal limits and is forecast to maintain its capital surplus through to the end of 2022.

Credit Suisse AG ('CS AG') has shown intent to support CSi both for capital and liquidity over the next 18 months and CS AG supported CSi by providing extra liquidity in 2021 during the US-based hedge fund default.

CSi has reviewed its financial forecasts and following the significant credit loss incurred in March and April 2021, CSi is due to return to profitability from 2022 onwards.

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 Board's assessment that CSi is a going concern.

Standards effective in the current period

The CSi group has adopted the following significant 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 transactions 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 CS 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.

Standards and Interpretations endorsed by the EU and not yet effective

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

- **Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform:-Phase 2:** In August 2020, IASB Issued 'Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS16: Interest Rate Benchmark Reform-Phase 2' (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS16) in order to address issues that might affect financial reporting during the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate (replacement issues). The amendments are effective for annual periods beginning on or after 1 January 2021. Earlier application is permitted. The amendments will not have a material impact to the CSi group's financial position, results of operation or cash flows.

e) Basis of consolidation

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

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

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

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

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

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

f) Equity method investments

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

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

g) Foreign currency

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

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

h) Financial assets and liabilities

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

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

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

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

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

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

These criteria determine how a financial asset is subsequently measured.

Amortised Cost

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

Equity Instruments at Fair Value through Other Comprehensive Income ('FVOCI')

An equity instrument which is not held for trading irrevocably designated at FVOCI is subsequently measured at FVOCI, with dividend income recognised in profit and loss, and all other gains and losses recognised in Other Comprehensive Income ('OCI').

Trading financial assets and liabilities mandatorily at Fair Value through Profit or Loss

Trading financial assets and financial liabilities include mainly debt and equity securities, derivative instruments and loans. These assets and liabilities are included as part of the trading portfolio based on management's intention to sell the assets or repurchase the liabilities in the near term, and are carried at fair value. Related realised and unrealised gains and losses are included in 'Net gains/(losses) from financial assets/liabilities at fair value through profit or loss'.

Non-trading financial assets mandatorily at Fair Value through Profit or Loss

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

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

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

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

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

- (i) it eliminates or significantly reduces a measurement or recognition inconsistency, also referred to as accounting mismatch that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; or
- (ii) a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management

or investment strategy, and information about the CSi group is provided internally on that basis to the entity's key management personnel.

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

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

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

The fair value measurement guidance establishes a single authoritative definition of fair value and sets out a framework for measuring fair value. Refer to Note 42 Financial Instruments.

i) Derivative financial instruments and hedging

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

Embedded derivatives

When derivative features embedded in certain liability contracts meet the definition of a derivative and are not considered closely related to the host liability instrument, either the embedded feature will be accounted for separately at fair value, with changes in fair value recorded in the Consolidated Statement of Income, or the instrument, including the embedded feature, is accounted for

at fair value either under the fair value option or due to classification as held for trading. In the latter case the entire instrument is recorded at fair value with changes in fair value recorded in the Consolidated Statement of Income. If separated for measurement purposes, the derivative is recorded in the same line in the Consolidated Statement of Financial Position as the host instrument.

Cash flow hedge accounting

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

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

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

j) Recognition and derecognition

Recognition

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

Regular-way securities transactions

A regular-way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned. The CSi group recognises regular-way purchases or sales of trading financial assets at the settlement date unless the instrument is a derivative. After trade date, changes in fair value relating to regular-way purchases are

recognised in the 'Net gains/(losses) from financial assets/liabilities at fair value through profit or loss'.

Derecognition

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

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

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

Securitisation

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

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

k) Netting

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

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

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

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

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

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

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

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

measurement is changed from 12-month expected credit losses (Stage 1) to lifetime expected credit losses (Stage 2).

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

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

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

Measurement of ECLs

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

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

looking information. The fee receivables do not contain a significant financing component.

Definition of default

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

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

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

Forward looking information

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

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

Significant increases in credit risk ('SICR')

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

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

The assessment of significant increases in credit risk is generally based on two indicators:

- changes in probability-weighted forward-looking lifetime PD, using the same macroeconomic scenarios as the calculation of expected credit losses for newly originated financial instruments (forward book); or changes in credit rating for financial instruments originated prior to the effective date of IFRS 9 (back book), and
- credit watch list as specific qualitative information.

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

The CSi group monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- the average time between the identification of a significant increase in credit risk and default appears reasonable;
- exposures are not generally transferred directly from 12-month ECL measurement to credit-impaired; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month ECL and lifetime ECL measurements.

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

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

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

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

Expected life

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

that the entity is exposed to credit risk and expected credit losses would not be mitigated by credit risk management actions, even if that period extends beyond the maximum contractual period.

Grouping financial assets measured on a collective basis

For Stage 1 and Stage 2 ECLs, financial assets are grouped based on shared credit risk characteristics, e.g. product type and geographic location. However, for each financial asset within the grouping an ECL is calculated based on the PD/LGD approach. Financial assets are grouped as follows:

- Financial institutions
- Corporates
- Fallback (assets not included in any of the above categories)

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

Write-off of loans

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

m) Loans and advances

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

→ For detailed impairment guidance, refer note l.

n) Cash and due from banks

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

represents the nominal values of due to banks less any unearned discounts or nominal value plus any unamortised premiums.

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

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

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

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

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

o) Interest income and expense

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

p) Commissions and fees

Fee and commission revenue is recognised from a diverse range of services provided by CSi group to its customers. CSi group provides advisory services related to mergers and acquisitions (M&A), divestitures, takeover defence strategies, business restructurings and spin-offs as well as debt and equity underwriting of public offerings and private placements. For the advisory services, the performance obligation is the provision of advisory for and until the completion of the agreed upon transaction. For the debt and equity underwriting, the performance obligation is the provision of underwriting services for and until the completion of the underwriting, i.e. the placing of the securities. CSi group

recognizes revenue when it satisfies a contractual performance obligation. CSi group satisfies a performance obligation when control over the underlying services related to the performance obligation is transferred to the customer. Control is the ability to direct the use of, and obtain substantially all of the remaining benefits from, the service. CSi group must determine whether control of a service is transferred over time. If so, the related revenue is recognised over time as the service is transferred to the customer. If not, control of the service is transferred at a point in time. The performance obligations are typically satisfied as the services in the contract are rendered. For the advisory services and underwriting, revenue is recognised at a point in time which is generally at the completion of the transaction, i.e. at close date. Revenue is measured based on the consideration specified in the contract with a customer, and excludes any amounts collected by third parties. The transaction price can be a fixed amount or can vary because of performance bonuses or other similar items. Variable consideration is only included in the transaction price once it is probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the amount of variable consideration is subsequently resolved. CSi group does not consider the highly probable criteria to be met where the contingency on which the income is dependent is beyond the control of CSi group. In such circumstances, CSi group only recognizes revenue when the contingency has been resolved. For example, M&A advisory fees that are dependent on a successful client transaction are not recognised until the transaction on which the fees are dependent has been executed. Generally no significant judgement is required with respect to recording variable consideration.

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

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

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

Securities purchased under resale agreements ('reverse repurchase agreements') and securities sold under repurchase

agreements ('repurchase agreements') do not meet the criteria for derecognition and are therefore treated as collateralised financing transactions.

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

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

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

r) Securities borrowing and lending transactions

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

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

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

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

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

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

s) Income tax

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

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

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

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

Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and differences relating to investments in subsidiaries and jointly controlled entities to the

extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

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

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

Tax contingencies

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

t) Investment property

Investment property is initially measured at cost, and subsequent to initial recognition is measured using the cost model. Investment property held under the cost model is subsequently measured at cost less depreciation and any provision for impairment unless held for sale.

To assess for impairment, on an annual basis an independent external valuer is engaged to assist in the determination of the fair value using recognised valuation techniques. Consideration is given to the specific nature of the properties to reflect their highest and best use including any appropriate business plan.

u) Property and equipment

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

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it

is probable that future economic benefits associated with the item will flow to the CSi group and the cost of the item can be reliably measured. All other repairs and maintenance are charged to the Consolidated Statement of Income during the financial period in which they are incurred.

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

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

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

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

v) Intangible assets

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

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

The carrying amounts of the CSi group's intangible assets are reviewed at each reporting date to determine whether there is

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

w) Provisions

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

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

x) Debt in issuance

Debt in issuances are initially recognised on the date on which the cash is received and are measured at amortised cost or designated at fair value through profit or loss. Direct costs incurred upon the issuance of debt instruments designated at fair value through profit or loss is recognised as incurred in the respective non-interest expense classification relating to the expense incurred, e.g. legal expenses, printing, accounting fees, etc.

Debt instruments designated at fair value through profit or loss are disclosed as a separate line item on the face of the balance sheet. Debt instruments issued by the entity which are not carried at fair value are recorded at par (nominal value) net of any premiums or discounts. Direct costs incurred with the issuance of the debt (debt issuance costs) are deferred and recorded as a direct deduction from the carrying amount of the related liability. Premiums and discounts and debt issue costs are amortised using the effective interest method.

The CSi group issues structured products with embedded derivatives. A structured product that contains an embedded derivative is designated at fair value through profit or loss. If it is determined that the embedded derivative is not reliably measurable because it is settled in an unquoted equity instrument, the entire combined contract is treated as a financial instrument held at fair value.

y) Disposal Groups and Discontinued Operations

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

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

A discontinued operation is a component of the CSi group that either has been disposed of or is classified as held for sale and:

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

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

z) Retirement benefit costs

The CSi group has both defined contribution and defined benefit pension plans. The defined benefit plan, the UK Defined Benefit Plan (UK DB Plan) is a CSG scheme, in which the Company is the sponsoring entity.

The Bank's Defined Benefit Obligations ('DBO') are calculated using the projected unit credit method. Obligations for contributions to defined contribution pension plans are recognised as an expense in the Consolidated Statement of Income as incurred. Remeasurements of the net defined benefit liability are recognised immediately in OCI.

The Bank uses the spot rate approach for the valuation of the UK DB plan, whereby individual spot rates on the yield curve are applied to each year's cash flow in measuring the plan's benefit obligation as well as future service cost and interest costs. The Bank determined the interest income on plan assets for the period by applying the single equivalent discount rate determined for the interest cost to the plan asset value. The service costs, net interest income and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service

or the gain or loss on curtailment is recognised immediately in the Consolidated Statement of Income. The Bank recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs. An enhanced transfer value (ETV) exercise is accounted for as a settlement if the offer made under the ETV is an irrevocable action taken by the trustees of the plan at the time the participants take the offer. In this case the CSi group is relieved of the responsibility for the pension obligation. The Bank has no contractual agreement or stated policy for charging the net defined benefit cost to participating entities.

aa) Share-based payments

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

The share-based awards are classified as a cash-settled share-based payment plan. A liability equal to the portion of the services received is recognised at the current market value determined at each balance sheet date. The expense for share-based payments is determined by treating each tranche as a separate grant of share awards and is accrued over the vesting period for each tranche, unless the employee is eligible for early retirement or retirement before the end of the vesting period, in which case recognition of the expense would be accelerated over the shorter period.

Share awards are made to employees in one of the following ways:

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

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

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

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

ab) Other compensation plans

The CSi group has other deferred compensation plans which can be in the form of fixed or variable deferred cash compensation. A liability equal to the portion of the services received is recognised at each balance sheet date. The expense for these awards is recognised over the service period, which is the period the

employee is obligated to work in order to become entitled to the cash compensation. Fixed deferred cash compensation is generally awarded in the form of sign-on bonuses and employee forgivable loans. Variable deferred cash compensations are awards where the final cash payout is determined by the performance of certain assets, a division or the CS group as a whole. The awards are expensed over the required service period and accruals are adjusted for changes to the expected final payout.

ac) Financial guarantee contracts

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

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

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

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

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

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

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

ad) Leases

The CSi group recognizes lease liabilities and right-of-use (ROU) assets, which are reported as property and equipment. Lease liabilities are recognised at the lease commencement date based on the present value of lease payments over the lease term. ROU

assets are initially measured based on the lease liability, adjusted for any initial direct costs, any lease payments made prior to lease commencement and for any lease incentives.

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

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

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

If the CSi group is the lessor in an operating lease it continues to present the related ROU asset from the headlease in its financial statements and recognises lease income on a straight-line basis over the period of the lease.

Subleases

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

af) Contingent liabilities

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

ae) Dividends

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

3 Critical Accounting Estimates and Judgements in Applying Accounting Policies

In order to prepare the Consolidated Financial Statements in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, management is required to make critical judgements. Management also makes certain accounting estimates to ascertain the value of assets and liabilities and determine the impact to the income statement. Judgements and estimates are based upon the information available at the time, and actual results may differ materially. The following critical judgements and estimates are sources of uncertainty and as a result have the risk of having a material effect on the amounts recognised in the financial statements. Additionally, the spread of COVID-19 has resulted in significant uncertainty. In light of this uncertainty, the 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.

In the course of preparing the financial statements, judgements have been made in the process of applying the accounting

policies, in regards to taxes and structured entities. A number of estimates have been made that have had a significant effect on the amounts recognised in the financial statements.

Taxes

Deferred tax valuation

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

Key Judgements

The realisation of deferred tax assets on temporary differences is dependent upon the generation of taxable income in future accounting periods after those temporary differences become deductible. The realisation of deferred tax assets on net operating losses is dependent upon the generation of future taxable income. On a quarterly basis management makes the key judgement to determine whether deferred tax assets can be realised.

Only if management considers it probable that a deferred tax asset will be realised is a corresponding deferred tax asset established without impairment.

In making the key judgement to determine whether deferred tax assets can be realised, management considers both positive and negative evidence, including projected future taxable income, the scheduled reversal of deferred tax liabilities and tax planning strategies. This evaluation requires significant management judgement primarily with respect to projected taxable income. These key judgements have been made in relation to employee benefits, decelerated tax depreciation, unpaid interest and other provisions.

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

Key Estimates

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

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

Fair Value

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

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

Key Estimates

The CSi group holds some financial instruments for which no prices are publicly available and which have little or no observable inputs. For these instruments, the determination of fair value requires subjective assessment and judgement on key estimates to be made depending on liquidity, pricing assumptions, the current economic and competitive environment and the risks affecting the

specific instrument. In such circumstances, the valuation of financial instruments involves a significant degree of judgement, in particular where valuation models make use of unobservable inputs.

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

→ For more details regarding the valuation models used for each of these instruments please refer to Note 42 – Financial Instruments.

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

→ For more details regarding the valuation models and techniques used for each of these instruments please refer to Note 18 Financial Liabilities Designated at Fair Value Through Profit or Loss and Note 42 – Financial Instruments.

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

→ For further information to the CSi group's control and governance processes on the fair value of financial instruments, refer to Note 42 – Financial Instruments.

Retirement Benefit Costs

The CSi group has both defined contribution and defined benefit pension plans. The defined benefit plans are CS group schemes. The CSi group is the sponsor of the UK Defined Benefit Plan (UK DB Plan). The following relates to the assumptions the CSi group, as sponsor of the UK DB Plan, has made in arriving at the valuations of the various components of the plan.

Key Estimates

The calculation of the expense and liability associated with the defined benefit pension plans requires judgement of key estimates, which include the discount rate and rate of future compensation increases as determined by the CSi group. Management determines these judgements of key estimates based upon currently available market and industry data and the historical performance of the plans and their assets. Management also consults with an independent actuarial firm to assist in selecting appropriate assumptions and valuing its related liabilities. The actuarial

assumptions used by the group may differ materially from actual results due to changing market and economic conditions, higher or lower withdrawal rates or longer or shorter life spans of the participants. Any such differences could have a significant impact on the amount of pension expense recorded in future years.

The discount rate used in determining the benefit obligation is a critical accounting estimate that is based upon either high quality corporate bond rates or government bonds. In estimating the discount rate, the group takes into consideration the relationship between the corporate bonds and the timing and amount of the future cash outflows on its benefit payments.

→ Please see Note 35 – Retirement Benefit Obligations for more information.

Litigation contingencies

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

Key Estimates

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

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

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

assessment of matters, including settlements, involving other defendants in similar or related cases or proceedings.

→ Please see Note 29 – Provisions for more information.

Structured Entities

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

Key Judgements

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

→ Please see Note 41 – Interests in Other Entities for more information.

4 Segmental Analysis

On 30 July 2020, the Chief Executive Officer of CSG announced key initiatives to reinforce the CS group strategy. A series of structural improvements were implemented, which are intended to improve effectiveness, drive efficiencies and capture future growth opportunities. The CSG organisational structure now consists of three regionally focused divisions: Swiss Universal Bank ('SUB'), International Wealth Management ('IWM') and Asia Pacific ('APAC'). These regional businesses are supported by the global Investment Bank ('IB') through the combination of the existing GM ('Global Markets'), IBCM ('Investment Bank and Capital Markets') and APAC ('Asia Pacific') Markets businesses to achieve critical scale.

In addition, Global Trading Solutions ('GTS') was created within the IB through the combination of the successful businesses of International Trading Solutions ('ITS') and Asia Pacific Solutions. GTS is a cross-asset integrated platform driving collaboration across the IB, APAC, IWM and SUB divisions. The former Risk

Management and Compliance functions were also combined into a single integrated Chief Risk and Compliance Officer function to unlock potential global synergies. All allocations for corporate functions and funding costs have been aligned to the new organisational structure. The operating businesses are supported by focused corporate functions, consisting of: Chief Financial Officer, Chief Operating Officer, Chief Risk and Compliance Officer, General Counsel and Human Resources.

The CSi group has the following 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 following segments are based on products and services offered by the CSi group:

Investment Bank	The principle businesses within CSi IB are Cash Equities and Prime, Credit, GTS, Capital Markets and Advisory. These businesses together offer trading in emerging markets, equity derivatives, global macro, global credit, securitised products, mergers and acquisitions, debt, equity and other capital raising activities, underwriting and advisory services.
APAC	Investment banking capabilities in Asia Pacific, serving corporate and 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.

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 a CSi group segment level. Certain revenue 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.

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

	2020	2019 ²
Revenues (USD million)		
Investment Bank ¹	2,185	1,755
- Cash Equities & Prime	117	50
- Credit	435	227
- Global Trading Solutions	1,594	1,176
- Capital Markets	220	219
- Advisory	62	131
- IB Corporate Bank	22	13
- GTS Management	(274)	(74)
- IB Management	9	13
APAC	57	4
Other	15	8
Corporate centre (includes ARU)	93	(28)
Total	2,350	1,739

¹ The disclosure has been restated to give effect to the reorganisation of functions as announced by the board.

² 2019 numbers have been restated to conform to the current period's presentation.

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

	2020	2019 ²
Consolidated Income before taxes (USD million)		
Investment Bank ¹	403	518
- Cash Equities & Prime	15	31
- Credit	260	145
- Global Trading Solutions	626	544
- Capital Markets	(157)	(202)
- Advisory	38	104
- IB Corporate Bank	5	12
- GTS Management	(277)	(78)
- IB Management	(107)	(38)
APAC	4	(12)
Other	(12)	(7)
Corporate centre (includes ARU)	(81)	(129)
Total	314	370

¹ The disclosure has been restated to give effect to the reorganisation of functions as announced by the board.

² 2019 numbers have been restated to conform to the current period's presentation.

CSi group derives the majority of its revenue from one geographic region: the United Kingdom. Further information of the geographic distribution of revenue is included in CSi group's country-by-country reporting (unaudited), set out on page 217, which includes the details of revenue and profit by country.

CSi group Assets:

Non-current assets, other than financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts, consist of property and equipment, investment property and intangible assets totalling USD 951 million (2019: USD 1,041 million).

Reconciliation of reportable segment revenues

	2020	2019 ³
Reconciliation of reportable segment revenues (USD million)		
Total revenues for reportable segments	2,350	1,739
Transfer pricing arrangements	176	161
Cross divisional revenue share	55	47
Treasury funding	15	490
Shared services	23	(17)
Provision for Credit Losses	(17)	(2)
CSi group to primary reporting reconciliations ¹	45	19
Net revenues as per Consolidated Statement of Income	2,647	2,437
Of which net revenues – discontinued operations²	335	388
Of which net revenues – continued operations	2,312	2,049

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 31 – Discontinued Operations and Assets and Liabilities Held for Sale.

³ 2019 numbers have been restated to give effect to the reorganisation of functions as announced by the board.

	2020	2019 ³
Reconciliation of reportable segment income before taxes (USD million)		
Income before taxes for reportable segments	314	370
Shared services	(102)	(136)
CSi group to primary reporting reconciliations ¹	(11)	(44)
Profit before taxes as per Consolidated Statement of Income	201	190
Of which profit before taxes – discontinued operations²	10	27
Of which profit before taxes – continued operations	191	163

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 31 – Discontinued Operations and Assets and Liabilities Held for Sale.

³ 2019 numbers have been restated to conform to the current period's presentation.

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

5 Net Interest Income

	2020	2019 ¹
Net interest income (USD million)		
Loans and advances	101	131
Securities purchased under resale agreements and securities borrowing transactions	108	248
Cash collateral paid on OTC derivatives transactions	153	428
Interest income on cash and cash equivalents	135	393
Interest income	497	1,200
Deposits	(2)	(6)
Borrowings	(56)	(93)
Securities sold under repurchase agreements and securities lending transactions	(107)	(185)
Debt in issuance ²	(149)	(269)
Lease liabilities	(21)	(22)
Cash collateral received on OTC derivatives transactions	(152)	(397)
Interest expense	(487)	(972)
Net interest income	10	228
of which		
Interest income on Financial assets measured at fair value through profit or loss	128	226
Interest income on Financial assets measured at amortised cost	369	974
Interest expenses on Financial liabilities measured at fair value through profit or loss	(63)	(161)
Interest expenses on Financial liabilities measured at amortised cost	(424)	(811)

¹ 2019 numbers have been restated to disclose the impact of prior period adjustments. Details are included in Note 2- Significant Accounting Policies .

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

6 Commission and Fee Income

	2020	2019 ¹
Commission and fee income (USD million)		
Lending business	102	81
Brokerage	56	62
Underwriting	100	66
Other client services	105	131
Total commission and fee income	363	340

¹ 2019 numbers have been restated to disclose the impact of prior period adjustments. Details are included in Note 2- Significant Accounting Policies .

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

	2020	2019 ¹
Fee income from financial instruments (USD million)		
Origination fees and other services	26	31
Commitment fees	22	13
Total fee income	48	44

¹ 2019 numbers have been restated to disclose the impact of prior period adjustments. Details are included in Note 2- Significant Accounting Policies .

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

7 Revenue from Contracts with Customers

Nature of services

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

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

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

The CSi group also offers brokerage services in its investment banking businesses, including global securities sales, trading and

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

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

Revenues recognised from these services are reflected in Other Services in the following table which explains disaggregation of

the revenue from service contracts with customers into different categories:

	2020	2019 ^{2, 3}
Type of Services (USD million)		
Lending business ¹	54	38
Other securities business	4	3
Brokerage	56	62
Underwriting	100	66
Transfer pricing arrangement and other services	248	231
Total	462	400

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

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

³ 2019 numbers have been restated to disclose the impact of prior period adjustments. Details are included in Note 2- Significant Accounting Policies .

Contract balances (USD million)	2020	2019
Contract receivables	28	11
Contract liabilities	1	–
Revenue recognised in the reporting period included in the contract liabilities balance at the beginning of period	1	1

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

The CSi group recognised a net impairment loss on contract receivables of USD Nil (2019: USD Nil).

Remaining performance obligations

The practical expedient allows the CSi group to exclude from its remaining performance obligations disclosure of any performance obligations which are part of a contract with an original

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

8 Allowance for Credit Losses

	2020	2019
(Additional)/Release of allowance for credit losses (USD million)		
Allowance for credit losses	(18)	(18)
Allowance for off-balance sheet exposures	(3)	(1)
Additional allowance for credit losses	(21)	(19)
Release of allowance for credit losses	3	15
Release of Allowance for off-balance sheet exposures	1	–
Release of allowance for credit losses	4	15
(Additional)/Release of allowance for credit losses	(17)	(4)

Further information about Allowance for Credit Losses are presented in Note 34-Expected Credit Loss Measurement.

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

	2020	2019 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	2,204	3,051
Net losses from financial liabilities designated at fair value through profit or loss	(489)	(1,730)
Total net gains from financial assets/liabilities at fair value through profit or loss	1,715	1,321

¹ 2019 numbers have been restated to disclose the impact of prior period adjustments. Details are included in Note 2- Significant Accounting Policies .

	2020	2019 ¹
Trading financial assets/liabilities mandatorily measured at fair value through profit or loss (USD million)		
Total net (losses)/gains from trading financial assets/liabilities mandatorily measured at fair value through profit or loss	2,137	2,830
Non-trading financial assets mandatorily measured at fair value through profit or loss (USD million)		
Securities purchased under resale agreements and securities borrowing transactions	86	15
Loans and advances	(47)	33
Other financial assets	28	173
Total net (losses)/gains from non-trading financial assets mandatorily measured at fair value through profit or loss	67	221
Total net gains from financial assets/liabilities mandatorily measured at fair value through profit or loss	2,204	3,051

¹ 2019 numbers have been restated to disclose the impact of prior period adjustments. Details are included in Note 2- Significant Accounting Policies .

	2020		2019	
	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	(8)	–	(56)	–
Borrowings	(237)	–	(564)	–
Debt in issuance	(206)	(6)	(1,086)	(13)
Other financial liabilities designated at fair value through profit or loss	(38)	–	(24)	–
Total net (losses)/gains from financial liabilities designated at fair value through profit or loss	(489)	(6)	(1,730)	(13)

The previous tables represents revenues on a product basis which are not representative of business results within segments,

as segments utilise financial instruments across various product types.

10 Other Revenues

	2020	2019 ¹
Other revenues (USD million)		
Transfer pricing arrangements	147	102
Other	94	62
Total other revenues	241	164

¹ 2019 numbers have been restated to disclose the impact of prior period adjustments. Details are included in Note 2- Significant Accounting Policies .

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

11 Compensation and Benefits

	2020	2019 ¹
Compensation and benefits (USD million)		
Salaries and variable compensation	(665)	(683)
Social security costs	(105)	(106)
Pension costs	(60)	(28)
Other	(11)	(21)
Total compensation and benefits	(841)	(838)

¹ 2019 numbers have been restated to disclose the impact of prior period adjustments. Details are included in Note 2- Significant Accounting Policies .

Included in the above table are amounts relating to Directors' remuneration, details of which are disclosed in Note 37 – Related Parties.

12 General, Administrative and Trading Expenses

	2020	2019 ²
General, administrative and trading expenses (USD million)		
Brokerage charges and clearing house fees	(338)	(306)
Insurance charges	(6)	(5)
Trading expenses	(344)	(311)
Occupancy expenses	(83)	(106)
Depreciation and amortisation expenses ¹	(157)	(152)
Depreciation and impairment of investment property	(1)	–
Litigation	1	(32)
Auditor remuneration	(3)	(3)
Professional services	(409)	(349)
Impairment of intangible assets and ROU assets	(39)	–
CSG trademark	(3)	(3)
Net Overheads allocated to other CS group entities	449	439
Transfer pricing arrangements	(496)	(394)
UK Bank Levy	(37)	(7)
Market data, publicity and subscription	(42)	(35)
Non income taxes	(50)	(28)
Other	(58)	(67)
General and administrative expenses	(928)	(737)
Total general, administrative and trading expenses	(1,272)	(1,048)

¹ Depreciation and amortisation expense includes amortisation on right-of-use assets of USD 18 million in 2020 (2019: USD 17 million)

² 2019 numbers have been restated to disclose the impact of prior period adjustments. Details are included in Note 2- Significant Accounting Policies .

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.

Auditor's remuneration

Auditor's remuneration in relation to the statutory audit amounted to USD 2 million (2019: USD 2 million). The following fees were

payable by the CSi group to the auditor, PricewaterhouseCoopers LLP (2019: KPMG LLP).

CSi Auditor's remuneration (USD '000)	2020	2019
Fees payable to the Bank's auditor for the audit of the Bank's annual accounts	(2,058)	(1,985)
Fees payable to the CSi group's auditor and its associates for other services	–	(335)
Audit-related assurance services	(924)	(1,074)
Other assurance services	(54)	(43)
Total fees	(3,036)	(3,437)

13 Restructuring Expenses

In connection with the key strategic growth initiatives announced in July 2020, restructuring expenses of USD 8 million were recognised in the year ended 31 December 2020 (2019: USD Nil)

. Restructuring expenses may include redundancy costs and expenses in connection with the acceleration of certain deferred compensation awards.

	2020	2019
Restructuring expenses by type (USD million)		
Compensation and benefits-related expenses	8	–
of which severance	4	–
of which accelerated deferred compensation	4	–
General and administrative-related expenses	–	–
Total Restructuring expenses by type	8	–

	2020			2019		
	Severance expenses	General and administrative expenses	Total	Severance expenses	General and administrative expenses	Total
Restructuring provision (USD million)						
Balance at beginning of the period/year	–	–	–	4	192	196
Net additional charges	4	–	4	–	–	–
Utilisation and foreign exchange fluctuations	(1)	–	(1)	–	–	–
Reclassification (to)/from other liabilities	–	–	–	(4)	(192)	(196)
Balance at end of the period/year	3	–	3	–	–	–

¹ Liability relating to accelerated deferred compensation, not included in the above table, is included in Share-based compensation liability. For details, refer Note 22 – Other Assets and Other Liabilities.

14 Income Tax

	Group		Bank	
	2020	2019	2020	2019
Current and deferred taxes (USD million)				
Current tax				
Current tax (expense) for the period ¹	(29)	(18)	(29)	(18)
Adjustments in respect of previous periods	37	38	37	38
Current income tax benefit	8	20	8	20
Deferred tax				
Deferred tax (expense) for the period ²	(12)	(10)	(12)	(10)
Reversal in impairment of deferred tax asset	–	135	–	135
Adjustments in respect of previous periods	4	1	4	1
Effect of changes in tax rate	10	–	10	–
Deferred income tax benefit	2	126	2	126
Income tax benefit	10	146	10	146

¹ Withholding taxes are included within income taxes.

² 2019 numbers have been restated to conform to the current year's presentation.

Income tax of USD 4 million was credited (2019: USD 260 million debited) directly to equity. The 2019 amounts reflected the transfer of the UK Pension Fund from CSS(E)L.

In the UK budget announcement of 3 March 2021, the UK government announced its intention to increase the UK corporation

tax rate from 19% to 25% with effect from 1 April 2023. Please refer to the Note 49- Subsequent events for further details.

Further information in respect of deferred taxes is presented in Note 15 – Deferred Taxes. The income tax expense for the year can be reconciled to the loss per the statement of income as follows:

Reconciliation of taxes computed at the UK statutory rate

	Group		Bank	
	2020	2019	2020	2019
Reconciliation of taxes computed at the UK statutory rate (USD million)				
Profit before tax	201	190	201	189
Income tax expense computed at the statutory rate of 19%	(38)	(36)	(38)	(36)
(Increase)/decrease in income taxes resulting from:				
Other permanent differences	(6)	5	(6)	5
Impact of UK bank corporation tax surcharge	(19)	(13)	(19)	(13)
Non-recoverable foreign taxes including withholding taxes ¹	(6)	(9)	(6)	(9)
Movement in unrecognised deferred tax assets	28	25	28	25
Adjustments to current tax in respect of previous periods	37	38	37	38
Adjustments to deferred tax in respect of previous periods	4	1	4	1
Net impact on deferred tax balances following transfer of pension asset from CSS(E)L	–	57	–	57
Reversal Impairment of deferred tax asset	–	78	–	78
Effect on deferred tax resulting from changes to tax rates	10	–	10	–
Income tax benefit	10	146	10	146

¹ Withholding taxes are included within income taxes.

15 Deferred Taxes

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

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

	2020	2019
Deferred tax (USD million)		
Deferred tax assets	500	478
Deferred tax liabilities	(301)	(282)
Net position	199	196
Balance at 1 January	196	330
(Debit)/Credit to statement of income for the period	(12)	126
Adjustments in respect of previous periods	4	1
Tax impact of transfer of UK Pension Fund from CSS(E)L	–	(291)
Tax impact of remeasurement of defined benefit pension plan assets	10	38
Tax Impact on adjustment on initial application of IFRS16	(1)	(7)
Tax Impact on gain on cashflow hedges	(6)	–
Effect of change in tax rate credited to income statement	10	–
Other	(2)	(1)
At end of the period	199	196

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

Group and Bank	2020	2019
Components of net deferred tax assets (USD million)		
Employee benefits	43	68
Decelerated tax depreciation	125	107
Other provisions	25	21
Unpaid interest	83	77
Tax losses	222	205
Leases	2	–
Deferred tax assets netted against deferred tax liabilities	(301)	(282)
At end of the year	199	196

Group and Bank	2020	2019
Components of net deferred tax liabilities (USD million)		
Pensions and other post-retirement benefits	(296)	(275)
Derivative financial instrument	(5)	–
Leases	–	(7)
Deferred tax liabilities netted against deferred tax assets	301	282
At end of the year	–	–

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

Group and Bank	2020	2019
Tax effect of temporary differences (USD million)		
Derivative financial instruments	–	(1)
Employee benefits	(33)	21
Defined benefit pension assets	(11)	(22)
Decelerated tax depreciation	18	(77)
Other provisions	3	–
Unpaid interest	6	–
Leases	2	–
Tax losses	17	205
Total deferred tax benefit in the Statement of Income	2	126

Group and Bank	2020	2019
Income Tax benefit/(expense) recognised in Equity (USD million)		
Adjustment on initial application of IFRS 16	(1)	(7)
Realised gain/(loss) relating to credit risk on designated financial liabilities extinguished during year reclassified to retained earnings	1	1
Recognition of deferred tax liability on transfer of UK Pension Fund from CSS(E)L	–	(291)
Re-measurement of defined benefit pension assets	10	38
Gain on loan sale to CSD	(1)	–
Gain on cash flow hedges	(6)	(1)
Total Income Tax benefit/(expense) recognised in Equity	3	(260)

Following management's evaluation of the deferred tax asset recoverability as at the balance sheet date, deferred tax assets of USD 793 million (2019: USD 726 million) have not been recognised. If strategies and business plans will significantly deviate in the future from current management assumptions, the current level of deferred tax assets may need to be adjusted.

The use of tax losses carried forward by UK banks is restricted to a maximum of 50% of taxable profits (25% for losses incurred prior to 1 April 2015).

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

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

Group and Bank	2020	2019
Securities purchased under resale agreements and securities borrowing transactions (USD million)		
Securities purchased under resale agreements	2,927	2,815
Deposits paid for securities borrowed	1,632	3,330
Total Securities purchased under resale agreements and securities borrowing transactions	4,559	6,145

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

Group and Bank	2020	2019
Securities sold under repurchase agreements and securities lending transactions (USD million)		
Securities sold under repurchase agreements	512	951
Deposits received for securities lent	4,271	2,204
Total Securities sold under repurchase agreements and securities lending transactions	4,783	3,155

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

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

is requested, when appropriate, in response to an increase in the market value of securities sold under repurchase agreements.

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

For information and details on the balances with related parties, refer Note 37- Related Parties.

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

	Group		Bank	
	2020	2019	2020	2019
Trading financial assets at fair value through profit or loss (USD million)				
Debt securities	17,609	14,088	17,483	13,749
Equity securities	13,948	7,307	13,913	7,251
Derivative instruments	156,155	120,725 ¹	156,156	120,726 ¹
Other	908	901	908	901
Trading financial assets at fair value through profit or loss	188,620	143,021	188,460	142,627
Trading financial liabilities at fair value through profit or loss (USD million)				
Short positions	10,843	4,019	10,839	3,820
Derivative instruments	153,521	122,811 ¹	153,522	122,812 ¹
Trading financial liabilities at fair value through profit or loss	164,364	126,830	164,361	126,632

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 5,422 million and derivative liabilities were over stated by USD 6,706 million. Details are included in Note 2 – Significant Accounting Policies.

Debt securities primarily consist of corporate bonds and government securities.

Trading financial assets include USD 13,843 million (2019: USD 8,993 million) which are encumbered. The transactions in relation to the encumbered assets are conducted under

terms that are usual and customary for securities lent, repurchase agreements or other collateralised borrowings. Refer Note 42-Financial Instruments and Note 43-Assets Pledged or assigned for more details. For information and details on the balances with related parties, refer Note 37- Related Parties.

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

	Group		Bank	
	2020	2019	2020	2019
Non-trading financial assets mandatorily at fair value through profit or loss (USD million)				
Loans and advances	1,379	1,354	1,487	1,404 ¹
Securities purchased under resale agreements and securities borrowing transactions	20,882	19,880	20,882	19,880
Other non-trading financial assets mandatorily at fair value through profit or loss	3,255	1,060	3,255	1,060
Total non-trading financial assets mandatorily at fair value through profit or loss	25,516	22,294	25,624	22,344

¹ 2019 numbers have been restated to disclose the impact of prior period adjustments. Details are included in Note 2- Significant Accounting Policies .

For loans mandatorily at fair value through profit or loss, the maximum fair value exposure to credit risk as at 31 December 2020 was USD 1,379 million (2019: USD 1,354 million). To mitigate this credit risk, securities are held as collateral, and credit default swaps with a notional value of USD 273 million (2019: USD 615 million) have been transacted to transfer this risk into the capital markets.

The fair value movement attributable to counterparty credit on loans designated at fair value through profit or loss is calculated using credit spreads applicable to specific points in time. All other risk variables are held constant and the credit spreads are moved based on current market conditions. During the year ended 31 December 2020, this fair value movement was an increase of USD 57 million (2019: USD 7 million decrease). The cumulative effect at the year-end was an increase of USD 47 million (2019:

USD 7 million decrease). The corresponding increase in fair value of the swaps and securities in place to mitigate this risk was USD 20 million (2019: USD 5 million decrease). The cumulative effect at the year-end was an increase of USD 47 million (2019: USD 2 million decrease).

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

For information and details on the balances with related parties, refer Note 37- Related Parties.

19 Financial Liabilities Designated at Fair Value Through Profit or Loss

	Group		Bank	
	2020	2019	2020	2019
Financial Liabilities designated at fair value through profit or loss (USD million)				
Subordinated Debt	20	62	20	62
Structured notes and other hybrid instruments	13,175	10,855	13,017	10,729
Securities sold under repurchase agreement and securities lending transactions	14,926	9,604	14,926	9,608
Other	1,667	594	1,667	594
Total financial liabilities designated at fair value through profit or loss	29,788	21,115	29,630	20,993

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

The fair value of a financial liability incorporates the credit risk of that financial liability. If the instrument is quoted in an active market, the movement in fair value due to credit risk is calculated as the amount of change in fair value that is not attributable to changes in market conditions that give rise to market risk. If the instrument is not quoted in an active market, the fair value

is calculated using a valuation technique that incorporates credit risk by discounting the contractual cash flows on the debt using a credit-adjusted yield curve which reflects the level at which the CSi group would issue similar instruments as of the reporting date.

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

The carrying amount is USD 4,990 million (2019: USD 4,658 million) lower than the principal amount that the CSi group would be contractually required to pay to the holder of

these financial liabilities at maturity For information and details on the balances with related parties, refer Note 37- Related Parties.

	2020	2019
Changes in fair value of financial liabilities designated at fair value through profit or loss due to credit risk (USD million)		
Financial liabilities designated at fair value through profit or loss that present the effects of changes in that liability's credit risk in OCI		
Cumulative change in the fair value		
Debt in issuance		
of which structured notes over two years	(2)	4
Total Cumulative Change	(2)	4
YTD change in the fair value		
Debt in issuance		
of which structured notes over two years	(6)	(13)
Total YTD Change	(6)	(13)

20 Loans and Advances

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

Group and Bank	2020	2019
Loans and advances (USD million)		
Loans and advances other than leases	2,867	2,824
Net investment in leases	284	279
Loans and advances	3,151	3,103

Group and Bank	2020	2019
Loans and advances (USD million)		
Real estate	64	2
Commercial and industrial loans	2,829	2,836
Financial institutions	1	–
Gross loans and advances	2,894	2,838
of which domestic	2,591	2,645
of which foreign	303	193
Net unearned income	(5)	(1)
Allowance for credit losses	(22)	(13)
Loans and advances	2,867	2,824
Gross impaired loans	11	20
of which loans with an individual allowance	11	20

Group and Bank	2020	2019
Loans and advances by geography (USD million)		
Gross loans and advances	2,894	2,838
of which domestic	2,591	2,645
of which foreign	303	193
-Netherlands	107	18
-Luxembourg	78	57
-Saudi Arabia	44	56
-United States	37	18
-Others	37	44

Group and Bank (USD million)	2020	2019
Net investment in leases		
Receivable within 1 year	30	23
Receivable between 1 and 2 years	31	28
Receivable between 2 and 3 years	31	29
Receivable between 3 and 4 years	31	29
Receivable between 4 and 5 years	31	29
Receivable after 5 years	190	206
Total lease payments receivable	344	344
Unearned finance income	(60)	(65)
Net investment in leases	284	279

Net investment in leases represents sublease of certain buildings in UK. Loans and advances due within one year for the CSi group and Bank, amount to USD 2,504 million (2019: USD 112 million). For information and details on the balances with related parties, refer Note 37- Related Parties.

Reconciliation of the allowance for loan losses by class

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

	Banks	Customers	Total
Group and Bank			
Allowance for credit losses (USD million)			
Balance at 1 January 2020	(1)	(12)	(13)
Additional allowances for credit losses	–	(18)	(18)
Reversal of allowances for credit losses	1	2	3
Movement recognised in Consolidated Statement of Income	1	(16)	(15)
Write off of loan losses	–	6	6
Balance at 31 December 2020	–	(22)	(22)
Balance at 1 January 2019	(1)	(8)	(9)
Additional allowances for impairment losses	–	(19)	(19)
Reversal of allowances for impairment losses	–	15	15
Movement recognised in Consolidated Statement of Income	–	(4)	(4)
Write off of loan losses	–	–	–
Balance at 31 December 2019	(1)	(12)	(13)

→ Refer Note 34- Expected Credit Loss Measurement for details on ECL.

21 Investment Property

The CSI group consolidates a number of structured entities which hold property. Investment properties are currently held at cost less depreciation and provision for impairment. Impairment charge of

USD 1 million (2019: NIL) was taken to the Consolidated Statement of Income for the year. The fair value and carrying value amount were the same as at 31 December 2020.

Group	2020	2019
Investment property (USD million)		
Balance at the beginning of the year	17	18
Reclassification to real estate held-for-sale	–	–
Depreciation charge for the year	–	(1)
Impairment charge for the year	(1)	–
Foreign Currency Translation	(1)	–
Balance at the end of year	15	17

The recoverable amount of investment property is estimated based on its value-in-use. Based on the assessment in 2020, the carrying amount of the unit was determined to be equal to its recoverable amount of USD 15 million (2019: USD 17 million) for the year ended 31 December 2020. The value-in-use is based on

an externally obtained appraisal which calculates the Net Present Value using the 'Business Plan Assessment' approach (which assumes a sell off of each property over the next 3 years). The value-in use is approximately equal to the fair value.

22 Other Assets and Other Liabilities

Group and Bank	2020	2019
Other Assets (USD million)		
Brokerage receivables (refer to Note 24)	2,905	1,955
Interest and fees receivable	377	697
Cash collateral on derivative instruments		
Banks ¹	18,708	16,303
Customers ¹	19,596	12,894
Cash collateral on non-derivative instruments	1,440	–
Pension Assets ²	1,093	1,101
Other	447	273
Total other assets	44,566	33,223

¹ 2019 numbers have been restated to disclose the effect of adjustments related to offsetting of centrally cleared derivative transactions. 'Other Assets' were overstated by USD 2,008 million. Details are included in Note 2 – Significant Accounting Policies.

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

Pension assets are due after more than one year. Other assets are materially due within one year.

Group and Bank	2020	2019
Other Liabilities (USD million)		
Brokerage payables (refer to Note 24)	1,314	397
Interest and fees payable	975	1,430
Cash collateral on derivative instruments		
Banks ¹	19,727	13,496
Customers ¹	9,124	6,505
Cash collateral on non-derivative instruments	179	–
Share-based compensation liability	286	236
Other	813	532
Total other liabilities	32,418	22,596

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

Other liabilities are materially due within one year.

23 Lease Liabilities

Lease Liabilities

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

Group and Bank (USD million)	2020	2019
Maturity of contractual lease liabilities		
Due within 1 year	76	76
Due between 1 and 2 years	77	75
Due between 2 and 3 years	76	76
Due between 3 and 4 years	75	75
Due between 4 and 5 years	68	74
Thereafter	473	526
Total	845	902
Future interest payable	140	186
Lease liabilities	705	716

Lease liabilities for CSi Bank were USD 704 million (2019: USD 716 million).

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

Future cash outflows that the lessee may be exposed to that are not reflected in the lease liabilities from Variable Lease Payments. Variable lease payments that depend on an index or rate are included in the lease payments at lease commencement, as such payments are considered unavoidable. Other variable lease payments are excluded from the lease payments. CSi has entered into 12 lease agreements with variable lease agreements as they provide for greater flexibility for CSi. The amount of exposure to variable lease payments not reflected in the lease liabilities is USD 228 million (2019: USD 311 million) as compared to USD 845 million (2019: USD 1,079 million) of fixed payments.

Future cash outflows that the lessee may be exposed to that are not reflected in the lease liabilities from extension options and termination options. For some leases where the CSi group is the lessee, there is an option that permits the CSi group to extend or renew the lease (this includes the scenario of not exercising a termination option). Such options are only included in the measurement of lease liabilities and lease assets when it is reasonably certain that the CSi group would exercise the option. Cash flows of the extensions options, if exercised would be USD 1,016 million (2019: USD 970 million); these are not reflected in the discounted amount of lease liability amount of USD 705 million and USD 704 million for CSi group and Bank respectively (2019: USD 716 million).

24 Brokerage Receivables and Brokerage Payables

Brokerage receivables and payables included in the table below represent amounts due to and from banks, brokers and dealers as well as customers for varying transaction types. Included within these balances are margin accounts where cash has been deposited with an exchange, bank or broker to facilitate future transactions and where the CSi group requires customers to maintain margin collateral in compliance with applicable regulatory and internal guidelines.

The CSi group also enters into fully margined exchange traded derivatives such as futures and balances payable to or receivable from the exchange the next day are recorded in the brokerage balances. In addition the CSi group performs brokerage and clearance activities for clients where exchange fees are incurred and receivable from clients.

Group and Bank	2020	2019
Brokerage receivable (USD million)		
Due from customers	987	804
Due from banks, brokers and dealers	1,918	1,151
Total brokerage receivables	2,905	1,955
Brokerage payable (USD million)		
Due to customers	409	177
Due to banks, brokers and dealers	905	220
Total brokerage payables	1,314	397

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

Included within payables are liabilities identified in respect of client money received from clients, but only where it has been determined that the cash received represents an asset of the CSi group. The CSi group and Bank held USD 5,336 million of

client money as at 31 December 2020 (2019: USD 3,490 million), USD 5,176 million as of 31 December 2020 (2019: USD 3,232 million) of which was not recorded in the Consolidated Statement of Financial Position as those balances did not represent assets of the CSi group. This cash, when recognised on the balance sheet, is recorded under 'Cash and due from banks', 'Other assets' and 'Other liabilities'.

25 Property and Equipment

Group and Bank	2020	2019
Property and equipment (USD million)		
Leasehold improvements	272	285
Equipment	16	21
Right of use assets	163	229
Property and equipment	451	535

	Leasehold Improvements	Equipment	Total
2020			
Group and Bank			
Property and equipment (USD million)			
Cost:			
Cost as at 1 January 2020	501	120	621
Additions	5	7	12
Acquisitions during the year	–	–	–
Disposals	(4)	(7)	(11)
Reclassification to real estate held-for-sale	–	–	–
Cost as at 31 December 2020	502	120	622
Accumulated depreciation:			
Accumulated depreciation as at 1 January 2020	(217)	(98)	(315)
Charge for the year	(17)	(6)	(23)
Disposals	4	–	4
Reclassification to real estate held for sale	–	–	–
Accumulated depreciation as at 31 December 2020	(230)	(104)	(334)
Net book value as at 1 January 2020	284	22	306
Net book value as at 31 December 2020	272	16	288

	Leasehold Improvements	Equipment	Total
2019			
Group and Bank			
Property and equipment (USD million)			
Cost:			
Cost as at 1 January 2019	442	105	547
Acquisitions during the year	93	12	105
Disposals	(1)	(9)	(10)
Reclassification to real estate held-for-sale	(33)	13	(20)
Cost as at 31 December 2019	501	120	621
Accumulated depreciation:			
Accumulated depreciation as at 1 January 2019	(215)	(98)	(313)
Charge for the year	(15)	(4)	(19)
Disposals	–	–	–
Reclassification to real estate held for sale	13	4	17
Accumulated depreciation as at 31 December 2019	(217)	(98)	(315)
Net book value as at 1 January 2019	227	7	234
Net book value as at 31 December 2019	284	22	306

Group and Bank (USD million)	2020	2019
Right-of-use assets (USD million)		
Balance as of 1 January	229	598
Less :		
Investment in Sub lease	–	(261)
Impairment	(39)	–
Lease modification	(9)	–
Reclassification	–	(58)
Discontinued Operations	–	(33)
Depreciation	(18)	(17)
Balance as of December 31 December	163	229

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

No interest has been capitalised from borrowings within property and equipment (2019: USD Nil).

26 Intangible Assets

Group and Bank	Total
2020	
Intangible Assets (USD million)	
Cost:	
Cost as at 1 January 2020	1,378
Additions	148
Disposals	(14)
Impairment	(5)
Cost as at 31 December 2020	1,507
Accumulated amortisation:	
Accumulated amortisation as at 1 January 2020	(889)
Amortisation for the year	(138)
Impairment	4
Disposals	1
Accumulated amortisation as at 31 December 2020	(1,022)
Net book value as at 1 January 2020	489
Net book value as at 31 December 2020 ¹	485 ¹
2019 (USD million)	
Cost:	
Cost as at 1 January 2019	1,232
Additions	146
Cost as at 31 December 2019	1,378
Accumulated amortisation:	
Accumulated amortisation as at 1 January 2019	(756)
Amortisation for the year	(133)
Accumulated amortisation as at 31 December 2019	(889)
Net book value as at 1 January 2019	476
Net book value as at 31 December 2019 ¹	489

¹ Intangible Assets includes Work-in-progress of USD 160 million (2019: USD 140 million) and not subject to amortisation.

The recoverable amount of CSi's intangible assets is estimated based on their value-in-use. Semi-annual impairment assessment was performed in 2020, and the carrying amount of certain intangible assets was determined to be higher than their recoverable amount and consequently, impairment is recognised for the

year ended 31 December 2020 USD 1 million (2019: USD Nil). No impairment was recognised on work in progress. The value-in-use is calculated based on detailed reviews and specific information regarding the individual projects and their capitalisation.

27 Due to Banks

Group and Bank	2020	2019
Due to banks (USD million)		
Non-interest bearing due to banks	86	15
Interest-bearing due to banks	347	420
Total Due to banks	433	435

28 Borrowings

Group and Bank	2020	2019
Borrowings (USD million)		
from banks	2,436	14,116
Total Borrowings	2,436	14,116

For information and details on the balances with related parties, refer Note 37- Related Parties.

29 Provisions

Group and Bank	Property	Litigation	Total
2020			
Provisions (USD million)			
Balance at 1 January 2020	4	18	22
Charges during the year	–	55	55
Released during the year	–	(56)	(56)
Utilised during the year	–	(17)	(17)
Balance at 31 December 2020	4	–	4
2019			
Provisions (USD million)			
Balance at 1 January 2019	4	1	5
Charges during the year	–	38	38
Released during the year	–	(4)	(4)
Utilised during the year	–	(17)	(17)
Balance at 31 December 2019	4	18	22

Property provision

The property provision mainly relates to property reinstatement obligations that will be incurred when the leases expire.

Building	Provision	Utilisation period
17 Columbus Courtyard, London	USD 1 million	31 December 2024
5 Canada Square, London	USD 3 million	31 December 2027

Litigation provision

The CSi group accrues litigation provisions (including fees and expenses of external lawyers and other service providers) in connection with certain judicial, regulatory and arbitration proceedings when reasonably possible losses, additional losses or ranges of loss are more likely than not and can be reliably estimated.

The balance of litigation provisions as at 31 December 2020 was USD Nil (2019: USD 18 million). General Counsel in consultation

with the business reviews CS group judicial, regulatory and arbitration proceedings each quarter to determine the adequacy of its litigation provisions and may increase or release provisions based on management's judgement and the advice of counsel. The anticipated utilisation of these litigation provisions typically ranges from six to eighteen month period, however certain litigation provisions are anticipated to extend beyond this period. Further provisions or releases of litigation provisions may be necessary in the future as developments in such litigation, claims or proceedings warrant. The CSi group has established provisions in line with the above process for all cases but believes that disclosure of the specific facts of such case would violate confidentiality obligations to which CSi group is subject or to prejudice seriously CSi group's management of the matter. The exact timing of outflow of economic benefits cannot be ascertained at 31 December 2020. Other Legal cases are disclosed in the contingent liabilities and other commitments note.

→ Refer Note 40 – Contingent Liabilities, Guarantees and Commitments.

30 Debt In Issuance

	Group		Bank	
	2020	2019	2020	2019
Debt in issuance (USD million)				
Senior debt	31,179	13,600	31,243	13,529
Subordinated debt	418	408	418	408
Total debt in issuance ¹	31,597	14,008	31,661	13,937

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

The increase in senior debt is mainly due to EUR and GBP denominated long-term debt of USD 17,578 million with Credit Suisse AG, London Branch.

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

Group Category of instrument	Counterparty Name	Currency	Book value as on 31st December 2020 (In USD million)	Book value as on 31st December 2019 (In USD million)	Interest Rate Type	Interest Rate
Senior Debt ¹						
	Credit Suisse AG, London Branch	EUR	14,848	6,051	Variable	—
	Credit Suisse AG, London Branch	GBP	9,307	420	Variable	—
	Credit Suisse AG, London Branch	USD	4,586	4,586	Variable	—
	CSS(E)L	USD	25	—	Variable	—
	DLJ Group	USD	2,405	2,405	Variable	—
	DLJ UK Holding	USD	8	8	Variable	—
	Other Counterparties	USD	—	130	Variable	—
Total Senior debt			31,179	13,600		
Subordinated Bonds						
	Credit Suisse First Boston Finance B.V.	USD	282	274	Fixed	2.70%
	Credit Suisse PSL GMBH	USD	136	134	Fixed	3.00%
Total Subordinated debt			418	408		

¹ For CSI Bank, USD 64 million (2019: USD 59 million) of additional balance relates to Senior debt (Non-recourse liabilities).

For information and details on the balances with related parties, refer Note 37- Related Parties.

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

Group	Balance as at 1 January 2020	Cash Flows		Non Cash Changes	Balance as at 31 December 2020
		Issuances	Repayments and other movements	Translation FX and Interest movements	
Debt in issuance (USD million)					
Total debt in issuance	14,008	19,355	(3,812)	2,046	31,597

Bank	Balance as at 1 January 2020	Cash Flows		Non Cash Changes	Balance as at 31 December 2020
		Issuances	Repayments and other movements	Translation FX and Interest movements	
Debt in issuance (USD million)					
Total debt in issuance	13,937	19,543	(4,000)	2,181	31,661

Group	Balance as at 1 January 2019	Cash Flows		Non Cash Changes	Balance as at 31 December 2019
		Issuances	Repayments and other movements	Translation FX and Interest movements	
Debt in issuance (USD million)					
Total debt in issuance ¹	12,146	4,083	(2,363)	142	14,008

¹ Lease liabilities, previously disclosed within Debt in issuance, have been presented as a separate heading in the consolidated statement of financial position. USD 836 million and USD 716 million of lease liabilities balance was included in Debt in issuance as on 1 January 2019 and 31 December 2019 respectively, which is omitted from the above table.

Bank	Balance as at 1 January 2019	Cash Flows		Non Cash Changes	Balance as at 31 December 2019
		Issuances	Repayments and other movements	Translation FX and Interest movements	
Debt in issuance (USD million)					
Total debt in issuance ¹	11,988	4,083	(2,363)	229	13,937

¹ Lease liabilities, previously disclosed within Debt in issuance, have been presented as a separate heading in the consolidated statement of financial position. USD 836 million and USD 716 million of lease liabilities balance was included in Debt in issuance as on 1 January 2019 and 31 December 2019 respectively, which is omitted from the above table.

31 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 Strategic 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 4 million.

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 since 31 December 2019. 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 1,115 million (2019: USD 20 million) were used in operating activity related to discontinued operations during the period ended 31 December 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.

Discontinued operations materially fall within the Investment Bank segment.

The impact of the restatements on the financial statements for the period ended 31 December 2020 is presented below.

	2020 ²	2019 ^{1,2}
Statement of Income for Discontinued Operations (USD million)		
Interest income	77	229
Interest expense	(64)	(117)
Net interest income	13	112
Commission and fee income	44	83
Allowances for credit losses	(3)	(1)
Net gains from financial assets/liabilities at FV through profit or loss	236	131
Other revenues	45	63
Net revenues	335	388
Compensation and benefits	(116)	(160)
General, administrative and trading expenses	(209)	(200)
Restructuring expenses	–	(1)
Total operating expense	(325)	(361)
Profit before tax	10	27
Income tax expense from discontinuing operations	(2)	(4)
Profit after tax	8	23

¹ 2019 numbers have been restated to disclose the impact of discontinued operations.

² Note 4 to 12 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.

	Discontinued Operations – Migration of EU Branches	Discontinued Operations – Loan migration to CSD	Discontinued Operations – Portfolio migration to CSSSV	Total
2020				
Statement of Financial Position for Discontinued Operations (USD million)				
Trading financial assets mandatorily at fair value through profit or loss	–	–	1,861	1,861
<i>of which positive market values from derivative instruments</i>	–	–	1,782	1,782
Non-trading financial assets mandatorily at fair value through profit or loss	–	–	5	5
Loans and advances	–	–	–	–
Other assets	–	–	68	68
Total assets held for sale	–	–	1,934	1,934
–				
Trading financial liabilities mandatorily at fair value through profit or loss	–	–	519	519
<i>of which negative market values from derivative instruments</i>	–	–	480	480
Financial liabilities designated at fair value through profit or loss	–	–	–	–
Other liabilities	–	–	188	188
Total liabilities held for sale	–	–	707	707

	Discontinued Operations – Migration of EU Branches	Discontinued Operations – Loan migration to CSD	Discontinued Operations – Portfolio migration to CSSSV	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	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	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

32 Accumulated Other Comprehensive Income

Group and Bank	Cash flow hedges	Gains/(losses) on designated financial liabilities relating to credit risk	Unrealised Gain/ (losses) on Pension Fund	Accumulated other comprehensive income
2020				
Accumulated other comprehensive income (USD million)				
Balance at 1 January 2020	9	(22)	(116)	(129)
(Increase)/decrease:				
Realised gain relating to credit risk on designated financial liabilities extinguished during year reclassified to retained earnings	–	4	–	4
Unrealised losses on designated financial liabilities relating to credit risk	–	(6)	–	(6)
Cash flow hedges – effective portion of changes in fair value	24	–	–	24
Related tax on Cash flow hedges – effective portion of changes in fair value	(6)	–	–	(6)
Remeasurement of defined benefit pension assets	–	–	(24)	(24)
Related tax on remeasurement of defined benefit pension assets	–	–	10	10
Balance at 31 December 2020	27	(24)	(130)	(127)
2019				
Accumulated other comprehensive income (USD million)				
Balance at 1 January 2019	(12)	(17)	–	(29)
(Increase)/decrease:				
Realised gain relating to credit risk on designated financial liabilities extinguished during year reclassified to retained earnings	–	8	–	8
Unrealised losses on designated financial liabilities relating to credit risk	–	(13)	–	(13)
Cash flow hedges – effective portion of changes in fair value	21	–	–	21
Remeasurement of defined benefit pension assets	–	–	(154)	(154)
Related tax on remeasurement of defined benefit pension assets	–	–	38	38
Balance at 31 December 2019	9	(22)	(116)	(129)

33 Share Capital and Share Premium

Group and Bank	2020	2019
Share Capital		
Allotted called-up and fully paid (USD million)		
Opening Balance		
131,158,070,611 Ordinary shares of USD 0.09428 each	11,366	12,366
19 November 2019:		
Capital reduction of Ordinary shares (131,158,070,611 of USD 0.00762 each)	–	(1,000)
Total allotted called-up and fully paid capital	11,366	11,366
Share Premium (USD million)		
Opening Balance	12,704	12,704
19 November 2019:		
Reclassification to Retained Earnings	(12,704)	–
Share Premium	–	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.

The CSi group has not paid a dividend for a number of years and accumulated a large negative retained earnings balance. In order to prepare the entity to pay a dividend, there was a need to restructure the capital and offset the negative retained earnings by converting share premium into retained earnings.

In accordance with Articles 77 and 78 of Regulation 575/2013 of the European Parliament and of the Council of 26 June 2013

on prudential requirements for the CRR, the CSi group obtained permission from the PRA to effect the share premium reduction. The members resolved to cancel the share premium account of USD 12,704 million and credit the balance to a distributable reserve on 22 December 2020, in accordance with the requirements of the Companies Act 2006 and the articles of association of the Bank. Consequently, the reclassification of the CSi group's USD 12,704 million Share Premium account into the Retained Earnings reserve account has been given effect. Any dividend paid is subject to CSi having sufficient distributable reserves.

34 Expected Credit Loss Measurement

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial

instrument as well as reconciliations of the gross carrying amounts.

Group and Bank	Not credit impaired				Credit impaired		Total	Total
	12 Month ECL Stage 1		Lifetime ECL Stage 2		Lifetime ECL (excluding purchased / originated credit impaired) Stage 3			
	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL		
2020								
Loans and advances (USD million)								
Opening balance	2,818	3	–	–	20	7	2,838	10
Transfer to 12 Month ECL	–	–	–	–	–	–	–	–
Transfer to lifetime ECL not credit impaired	(68)	(1)	68	1	–	–	–	–
Transfer to lifetime ECL credit impaired financial assets	–	–	–	–	–	–	–	–
Net remeasurement of loss allowance	–	8	–	(1)	–	9	–	16
New financial assets originated or purchased	201	1	–	–	–	–	201	1
Financial assets that have been derecognised (including write-offs)	(134)	–	(1)	–	(13)	(6)	(148)	(6)
Other changes	23	–	(24)	–	2	–	1	–
Foreign exchange	(8)	–	8	–	2	–	2	–
Closing balance	2,832	11	51	–	11	10	2,894	21

Group and Bank	Not credit impaired				Credit impaired		Total	Total
	12 Month ECL		Lifetime ECL		Lifetime ECL (excluding purchased / originated credit impaired)			
	Stage 1	Stage 2	Stage 2	Stage 3				
	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL
2019								
Loans and advances (USD million)								
Opening balance	3,504	2	5	–	8	4	3,517	6
Transfer to 12 Month ECL	8	–	(8)	–	–	–	–	–
Transfer to lifetime ECL not credit impaired	(9)	–	9	–	–	–	–	–
Transfer to lifetime ECL credit impaired financial assets	–	–	(12)	–	12	–	–	–
Net remeasurement of loss allowance	–	1	–	–	–	3	–	4
New financial assets originated or purchased	89	–	–	–	–	–	89	–
Financial assets that have been derecognised (including write-offs)	(475)	–	–	–	–	–	(475)	–
Other changes	(307)	–	6	–	–	–	(301)	–
Foreign exchange	8	–	–	–	–	–	8	–
Closing balance	2,818	3	–	–	20	7	2,838	10

Group and Bank	Not credit impaired				Credit impaired		Total	Total
	12 Month ECL Stage 1		Lifetime ECL Stage 2		Lifetime ECL (excluding purchased / originated credit impaired) Stage 3			
	Gross commitment amount	Allowance for ECL	Gross commitment amount	Allowance for ECL	Gross commitment amount	Allowance for ECL		
2020								
Loan commitments (USD million)								
Opening balance	2,370	1	91	–	1	–	2,462	1
Transfer to 12 Month ECL	24	–	(24)	–	–	–	–	–
Transfer to lifetime ECL not credit impaired	(26)	–	26	–	–	–	–	–
Transfer to Lifetime ECL Credit Impaired								
Financial Assets	–	–	–	–	–	–	–	–
Net remeasurement of Loss Allowance	–	3	–	1	–	–	–	4
New financial assets originated or purchased	609	1	–	–	7	–	616	1
Financial assets that have been derecognised (including write-offs)	(1,611)	–	(66)	–	(1)	–	(1,678)	–
Other changes	(163)	–	12	–	–	–	(151)	–
Foreign exchange	89	–	3	–	–	–	92	–
Closing balance	1,292	5	42	1	7	–	1,341	6

Other changes mainly constitute movements in existing commitments.

Group and Bank	Not credit impaired				Credit impaired		Total	Total
	12 Month ECL Stage 1		Lifetime ECL Stage 2		Lifetime ECL (excluding purchased / originated credit impaired) Stage 3			
	Gross commitment amount	Allowance for ECL	Gross commitment amount	Allowance for ECL	Gross commitment amount	Allowance for ECL		
2019								
Loan commitments (USD million)								
Opening balance	2,939	–	29	–	–	–	2,968	–
Transfer to 12 Month ECL	16	–	(16)	–	–	–	–	–
Transfer to lifetime ECL not credit impaired	(118)	–	118	–	–	–	–	–
Transfer to Lifetime ECL Credit Impaired Financial Assets	–	–	(1)	–	1	–	–	–
Net remeasurement of Loss Allowance	–	–	–	–	–	–	–	–
New financial assets originated or purchased	825	1	–	–	–	–	825	1
Financial assets that have been derecognised (including write-offs)	(1,129)	–	(4)	–	–	–	(1,133)	–
Other changes	(146)	–	(34)	–	–	–	(180)	–
Foreign exchange	(17)	–	(1)	–	–	–	(18)	–
Closing balance	2,370	1	91	–	1	–	2,462	1

Group and Bank	Not credit impaired				Credit impaired				Total	Total
	12 Month ECL Stage 1		Lifetime ECL Stage 2		Lifetime ECL (excluding purchased / originated credit impaired) Stage 3		Total			
	Gross guarantee amount	Allowance for ECL	Gross guarantee amount	Allowance for ECL	Gross guarantee amount	Allowance for ECL				
2020										
Financial guarantees (USD million)										
Opening balance	205	3	–	–	–	–	–	205	3	–
Transfer to lifetime ECL not credit impaired	–	–	–	–	–	–	–	–	–	–
Net remeasurement of loss allowance	–	(1)	–	–	–	–	–	–	–	(1)
New financial assets originated or purchased	–	–	–	–	–	–	–	–	–	–
Financial assets that have been derecognised (including write-offs)	(203)	(2)	–	–	–	–	–	(203)	(2)	–
Other changes	(2)	–	–	–	–	–	–	(2)	–	–
Foreign Exchange	–	–	–	–	–	–	–	–	–	–
Closing balance	–	–	–	–	–	–	–	–	–	–

Group and Bank	Not credit impaired				Credit impaired		Total	Total
	12 Month ECL Stage 1		Lifetime ECL Stage 2		Lifetime ECL (excluding purchased / originated credit impaired) Stage 3			
	Gross guarantee amount	Allowance for ECL	Gross guarantee amount	Allowance for ECL	Gross guarantee amount	Allowance for ECL		
2019								
Financial guarantees (USD million)								
Opening balance	240	3	–	–	–	–	240	3
Transfer to lifetime ECL not credit impaired	–	–	–	–	–	–	–	–
Net remeasurement of loss allowance	–	–	–	–	–	–	–	–
New financial assets originated or purchased	3	–	–	–	–	–	3	–
Financial assets that have been derecognised (including write-offs)	(184)	–	–	–	–	–	(184)	–
Other changes	146	–	–	–	–	–	146	–
Foreign Exchange	–	–	–	–	–	–	–	–
Closing balance	205	3	–	–	–	–	205	3

Group and Bank	2020	2019
Interest bearing deposits with banks- Stage 1 (USD million)		
Opening balance	–	1
Net remeasurement of loss allowance	–	(1)
Foreign exchange	–	–
Closing balance	–	–

	2020	2019
Other assets- Stage 1 (USD million)		
Opening balance	2	2
Net remeasurement of loss allowance	(1)	–
Closing balance	1	2

No material ECL have been recognised on Cash and cash equivalents.

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

The key inputs into the measurement of ECLs (Stage 1 and Stage 2) are the term structures of the following variables:

- Probability of Default ('PD');
- Loss given default ('LGD'); and
- Exposure at default ('EAD').

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

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

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

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

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

As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the CSi group measures ECLs considering the risk of default over the maximum contractual period

(including any borrower's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the CSi group considers a longer period. The maximum contractual period extends to the date at which the CSi group has the right to require repayment of an advance or terminate a loan commitment or guarantee.

Macroeconomic scenarios

The estimation and application of forward-looking information requires quantitative analysis and significant expert judgement. The CSi group's estimation of expected credit losses is based on a discounted probability-weighted estimate that considers three future macroeconomic scenarios: a baseline scenario, an upside scenario and a downside scenario. The baseline scenario represents the most likely outcome. The two other scenarios represent more optimistic and more pessimistic outcomes with the downside scenario being more severe than the upside scenario. Scenarios are weighted according to the CSi group's best estimate of their relative likelihood based on historical frequency, an assessment of the current business and credit cycles as well as the macroeconomic factor trends such as interest rates, gross domestic product and unemployment rates. Weightings are reviewed and challenged on a quarterly basis by a scenario design governance forum (monthly since 2Q 2020), which is comprised of members of the Enterprise Risk Management, Credit Suisse Economic Research, Quantitative Analysis & Technology and Credit Risk functions. The forum subsequently recommends the weightings for approval by a senior management committee.

The scenario design team within the CSi group's Enterprise Risk Management ('ERM') function determines the MEFs and market projections that are relevant for the CSi group's three scenarios across the global credit portfolio. The scenario design team formulates the baseline scenario projections used for the IFRS 9 ECL calculation from the CSi group's global chief investment office in-house economic research forecasts and, where deemed appropriate, from external sources such as the Bloomberg consensus of economist forecasts (covering the views of other investment banks and external economic consultancies), forecasts from nonpartisan think tanks, major central banks and multilateral institutions, such as the International Monetary Fund ('IMF'), the Organisation for Economic Co-operation and Development ('OECD') and the World Bank. For factors where no in-house or credible external forecasts are available, an internal model is used to calibrate the baseline scenario projections. The downside and upside scenarios are derived from these baseline scenario projections. These three scenario projections are subject to a review and challenge process and any feedback from this process is incorporated into the scenario projections by the ERM scenario design team. The ECL scenario design-working group is the governance forum. The working group performs an additional review and challenge and subsequently [recommends approval of] the MEFs and related market projections as well as the occurrence probability weights that are allocated to the baseline, downside and upside scenarios. MEFs and related market projections as well as the scenario occurrence probability weights used for the calculation of IFRS 9 ECL are [ultimately] approved by the Senior Management Approval Committee.

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 31 December 2020 (Group and Bank) EMEA Macroeconomic Factors (MEF)	Function- Corporates/ Financial Institutions	ECL Scenario	Assigned Probabili- ties	Latest data						Impact on ECL from an increase in MEF	
				End Period Projections							
				%	December 20 %	2021 %	2022 %	2023 %	2024 %		2025 %
Eurozone Real GDP Growth Rate (%YoY)											↓
	Both	Downside	40	-10.4	4.3	1.3	1.9	1.8	1.8		
	Both	Baseline	50	-8.0	6.9	1.6	1.9	1.8	1.8		
	Both	Upside	10	-5.9	8.8	1.8	2.1	1.8	1.8		
G10 Real GDP Growth Rate (%YoY)											↓
	Corporates	Downside	40	-6.7	1.1	2.0	2.9	2.2	1.6		
	Corporates	Baseline	50	-5.4	4.1	3.5	2.9	2.2	1.6		
	Corporates	Upside	10	-4.7	5.7	4.3	2.9	2.2	1.6		
Eurostoxx 50 Market Volatility Index (V2X Qmax, levels)											↑
	Financial Institutions	Downside	40	72.0	37.0	31.8	30.5	33.8	37.0		
	Financial Institutions	Baseline	50	38.3	24.0	27.3	30.5	33.8	37.0		
	Financial Institutions	Upside	10	38.3	20.3	23.8	30.5	33.8	37.0		

As at 31 December 2019

(Group & Bank)
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
		%	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 31 December 2020
(Group and Bank)
NORTH AMERICA
Macroeconomic
Factors (MEF)

US at 31 December 2020 (Group and Bank) NORTH AMERICA Macroeconomic Factors (MEF)	Function- Corporates/ Financial Institutions	ECL Scenario	Assigned Probabili- ties	Latest data						Impact on ECL from an increase in MEF	
				End Period Projections							
				%	December 20 %	2021 %	2022 %	2023 %	2024 %		2025 %
US Unemployment Rate (%)											↑
	Financial Institutions	Downside	40	7.9	7.0	6.4	5.8	4.9	4.2		
	Financial Institutions	Baseline	50	7.0	6.2	5.6	5.1	4.5	4.1		
	Financial Institutions	Upside	10	6.4	5.5	5.1	4.9	4.5	4.1		
US Real GDP Growth Rate (%YoY)											↓
	Corporates	Downside	40	-4.2	1.5	1.3	3.0	1.5	1.8		
	Corporates	Baseline	50	-3.2	4.1	3.4	3.5	1.6	1.8		
	Corporates	Upside	10	-1.8	5.1	4.2	3.9	1.6	1.8		
World Industrial Production (%YoY)											↓
	Corporates	Downside	40	-5.2	2.2	3.1	2.3	2.5	2.5		
	Corporates	Baseline	50	-0.7	3.9	4.3	2.6	2.5	2.5		
	Corporates	Upside	10	-0.7	6.2	5.9	3.1	2.5	2.5		
Dow Jones Total Stock Market Index (levels)											↓
	Financial Institutions	Downside	40	30607	23563	31069	42686	44520	46358		
	Financial Institutions	Baseline	50	36944	39030	40856	42686	44520	46358		
	Financial Institutions	Upside	10	37736	42147	42549	42686	44520	46358		
US Market Volatility Index (VIX Qmax, levels)											↑
	Financial Institutions	Downside	40	70.0	35.0	30.7	30.0	32.5	35.0		
	Financial Institutions	Baseline	50	40.3	25.0	27.5	30.0	32.5	35.0		
	Financial Institutions	Upside	10	40.3	20.3	23.7	30.0	32.5	35.0		

As at 31 December 2019
(Group & Bank)
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		

Current-period estimate of expected credit losses

The key MEFs used in each of the macroeconomic scenarios for the calculation of the expected credit losses include, but are not limited to, GDP and unemployment rates. These MEFs are selected based on the portfolios that are most material to the estimation of IFRS 9 ECL from a longer-term perspective.

As of 31 December 2020, the forecast macroeconomic scenarios were weighted 50% for the baseline, 40% for the downside and 10% for the upside scenario. The forecast range for the increase in the eurozone real GDP was 0.3% to 7.8% for 2021 and 2.8% to 3.9% for 2022, which compares to an estimated real GDP fall of 7.6% in 2020. The forecast in the baseline scenario for the timing of the recovery of quarterly eurozone real GDP to return to pre-pandemic levels (i.e., the fourth quarter of 2019) was the first quarter of 2023. The forecast range for the increase in the UK real GDP was 1.5% to 10.9% for 2021 and 2.2% to 5.7% for 2022, which compares to an estimated real GDP fall of 11.4% in 2020. The forecast in the baseline scenario for the timing of the recovery of quarterly UK real GDP to return to pre-pandemic levels was the first quarter of 2024. The forecast range for the increase in US real GDP was 0.5% to 5.2% for 2021 and 2.0% to 5.1% for 2022, which compares to an estimated real GDP fall of 3.7% in 2020. The forecast in the baseline scenario for the timing of the recovery of quarterly US real GDP to return to pre-pandemic levels was the fourth quarter of 2021. The forecast range for the increase in G10 Real GDP was 1.1% to 5.7% for 2021 and 2.0% to 4.3% for 2022, which compares to an estimated real GDP fall of 5.4% in 2020. The forecast range for the increase in world industrial production was 2.4% to 8.6% for 2021 and 2.9% to 5.9% for 2022, which compares to an estimated fall of 5.3% in 2020. The MEF projections incorporate adjustments to reflect the impact of the COVID-19 pandemic related economic support programs provided by national governments and by central banks. While GDP and industrial production are significant inputs to the forecast models, ranges of other inputs are also incorporated for all three scenarios to provide projections for future economic and market conditions. Given the complex nature of the forecasting process, no single economic variable is viewed in isolation or independently of other inputs.

For extreme and statistically rare events, which cannot be adequately reflected in IFRS 9 ECL models, such as the effects of the COVID-19 pandemic on the global economy, the event becomes the baseline scenario. In the current environment, to address circumstances where in management's judgment the IFRS 9 ECL model outputs are overly sensitive to the effect of economic inputs that lie significantly outside of their historical range, model overlays are applied. These overlays are based on an analysis of historical trends, and sensitivity based with senior management input and are applied in response to these exceptional circumstances to consider historical stressed losses and industry and counterparty credit level reviews. As a result of these

overlays, provisions for credit losses are not primarily derived from MEF projections. In the current environment, to address circumstances where in management's judgment the IFRS 9 ECL model outputs are overly sensitive to the effect of economic inputs that lie significantly outside of their historical range, model overlays are applied. These overlays are based on expert judgement and are applied in response to these exceptional circumstances to consider historical stressed losses and industry and counterparty credit level reviews. Overlays have also been used to capture judgement on the economic uncertainty from the lockdowns and other actions directed towards managing the pandemic. As a result of these overlays, provisions for credit losses are not solely derived from MEF projections.

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.

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

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

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

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

35 Retirement Benefit Obligations

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

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

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

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

Accounting for Defined Benefit Plans

Prior to the transfer of the UK DB Plan, the Bank was one of the participating entities, who are all related parties under common control, in the UK DB Plan and therefore accounted for its share of the plan using defined contribution accounting. During 2019, prior to the plan transfer, the Bank contributed and expensed USD 1 million to the UK DB Plan.

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

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

Defined Benefit Costs and Remeasurement in OCI

All expenses arising from retirement benefit obligations, subsequent to the transfer of legal sponsorship in 2019 and in 2020, are recorded in the Bank's Consolidated Statement of Income

under 'Compensation and benefits'. Prior to the transfer, all expenses arising from the UK DB Plan are recorded in CSS(E)L. The following tables show the defined benefit (credits)/costs and remeasurement in OCI for the UK DB Plan for 2020 and 2019.

Group and Bank	UK DB Plan	
	2020	2019
Defined benefit pension plans (USD million)		
Operating Cost		
Current service costs on benefit obligation	2	1
Past service costs (including curtailments)	2	–
Administrative expense	1	2
Settlement Costs	41	–
Financing Cost		
Net Interest credits	(21)	(25)
Defined benefit costs/(credits)	25	(22)

Group and Bank	UK DB Plan	
	2020	2019
Remeasurements in OCI (USD million)		
Return on plan assets (in excess of)/below that recognised in net interest	(353)	(250)
Actuarial losses due to changes in financial assumptions	395	265
Actuarial losses/(gains) due to changes in demographic assumptions	5	(31)
Actuarial gains due to liability experience	(23)	(3)
Total amount recognised in OCI	24	(19)
Total amount recognised in profit and loss and OCI	49	(41)

During 2020, the Bank recognised USD 25 million of the net defined benefit costs from the UK DB Plan in its Consolidated Statement of Income. Subsequent to the transfer of legal sponsorship, the Bank recognised USD (6) million of the net defined benefit credits from the UK DB Plan in its Consolidated Statement of Income in 2019.

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

For the year ending 31 December 2020, a remeasurement loss of USD 24 million was recognised by the Bank in OCI for the UK DB Plan mainly due to USD 377 million losses on the benefit obligation due to changes in financial and demographic assumptions, primarily the discount rate and inflation which were partially offset by USD 353 million gains on the asset portfolio.

An interim remeasurement of the plan assets and liabilities for the UK DB Plan was performed prior to the transfer of legal sponsorship to CSi based on year-to-date performance and market data through to the end of August 2019. A gain of USD 173 million was recognised by CSS(E)L in OCI prior to the transfer.

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

A year-end remeasurement of the plan assets and liabilities for the UK DB Plan was performed as of 31 December 2019 subsequent to the transfer of legal sponsorship to the Bank based on year-to-date performance and market data from the end of August 2019 through the end of December 2019. A loss of USD 154 million was recognised by the Bank in OCI as of 31 December 2019.

The remeasurement loss on the UK DB Plan recorded by the Bank as of 31 December 2019 consisted of losses on the asset portfolio of USD 258 million and gains on the benefit obligation of USD 104 million due to changes in financial and demographic assumptions, primarily the discount rate and inflation.

Defined Benefit Obligation and Fair Value of Plan Assets

The following table shows the changes in the defined benefit obligation and the fair value of plan assets during 2020 and 2019:

Group and Bank	UK DB Plan	
	2020	2019
Defined benefit pension plans (USD million)		
Defined benefit obligation – 1 January	1,903	1,635
Current service cost	2	1
Interest cost	36	41
Actuarial losses/(gains) on assumptions	400	234
arising out of changes in demographic assumptions	5	(31)
arising out of changes in financial assumptions	395	265
Actuarial (gains)/losses – experience	(23)	(3)
Benefit payments	(68)	(73)
Past service costs (including curtailments)	2	–
Settlement payments	(157)	–
Exchange rate losses/(gains)	76	68
Defined benefit obligation – 31 December	2,171	1,903
Fair value of plan assets – 1 January	3,004	2,649
Interest on plan assets	57	66
Actuarial gains/(losses) on plan assets	353	250
Actual return on plan assets	410	316
Employer contributions	–	2
Administrative expense	(1)	(2)
Benefit payments	(68)	(73)
Settlement payments	(198)	–
Exchange rate gains/(losses)	117	112
Fair value of plan assets – 31 December	3,264	3,004
Total funded status – 31 December		
Plan assets	3,264	3,004
Defined benefit obligation related to funded plans	(2,171)	(1,903)
Funded status for funded plans	1,093	1,101
Funded status recognised – 31 December	1,093	1,101

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

Pension Asset/Liability

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

Group and Bank (USD million)	UK DB Plan	
	2020	2019
At 1 January	1,101	1,014
Total amount recognised in profit and loss and OCI (charge)/credit	(49)	41
Contributions paid	–	2
Gains due to changes in exchange rates	41	44
At 31 December	1,093	1,101

As of 31 December 2020, the Bank recognised net pension asset of USD 1,093 million (2019: USD 1,101 million) in its Consolidated Statement of Financial Position for the UK DB Plan.

Funding requirements

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

For additional Pension Fund security, the Bank has pledged securities to an Escrow account in circumstances where a deficit exists on the solvency basis. As at 31 December 2020, the Escrow value was nil, since a solvency surplus was calculated to be USD 368 million as at 31 December 2020. At 31 December 2020 and 2019 the pension fund plan assets hold no material amounts of the CS group debt and equity securities.

Assumptions

The assumptions used in the measurement of the benefit obligation and defined benefit cost for the UK DB Plan as at 31 December 2020 and 2019 were as follows:

Group and Bank	2020	2019
Benefit obligation (%)		
Discount rate	1.26%	2.06%
Retail Price Inflation	2.80%	2.84%
Consumer Price Inflation	2.00%	1.84%
Pension increases ¹	2.74%	2.75%
Salary increases	3.25%	3.09%
Defined benefit cost (%)		
Discount rate – Service cost	2.06%	2.84%
Discount rate – Interest cost	1.94%	2.69%
Salary increases	3.09%	3.22%

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

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

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

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

Mortality Assumptions

The assumptions for life expectancy for the 2020 UK DB benefit obligation pursuant to IAS 19 are based on the "SAPS 2 light" base table with improvements in mortality in line with the final CMI model with S=7.0, and a scaling factor of 95%. Underpins

to future mortality improvement have also been incorporated, the annual long term rate of improvement being 1.50% p.a.

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

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

Sensitivity Analysis

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

2020	Defined Benefit Obligation (USD million)	Increase %	Defined Benefit Obligation (USD million)	Decrease %
Defined Benefit obligation				
One-percentage point change				
- 1% / +1% Discount rate	2,714	25	1,766	(19)
+1% / -1% Inflation rate	2,489	15	1,908	(12)
+1% / -1% Salary increases rate	2,176	–	2,167	–
+1 / -1 year to life expectancy at 60	2,262	4	2,081	(4)
2019	Defined Benefit Obligation USD million	Increase %	Defined Benefit Obligation (USD million)	Decrease %
Defined Benefit obligation				
One-percentage point change				
- 1% / +1% Discount rate	2,383	25	1,545	(19)
+1% / -1% Inflation rate	2,191	15	1,666	(12)
+1% / -1% Salary increases rate	1,907	–	1,900	–
+1 / -1 year to life expectancy at 60	1,967	3	1,839	(3)

The sensitivity analysis has been derived using a number of additional full valuation runs that have been carried out using the data used for calculating the 31 December 2020 defined benefit obligation. The sensitivity analysis focuses on changes to the obligation. For the sensitivities to discount rate and inflation rates the impact on the UK funded status will most likely be lower to the

impact on the benefit obligation, as a result of the assets being partially matched to the obligations.

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

Plan Assets and Investment Strategy

Responsibility for governance and running of the UK DB Plan, including investment decisions (after consultation with the Bank) and contribution schedules (which requires the agreement of the Bank) lies with the Board of Trustees. The trustees in administration of the UK DB Plan aim to minimise risk subject to adopting an investment strategy that has a reasonable expectation of achieving a certain level of return by investing in a range of asset classes of appropriate liquidity and security which will generate income and capital growth to meet, the cost of benefits. Risk tolerance is established through careful consideration of plan liabilities, plan funding status and financial market condition.

The UK DB Plan has a hedging target of slightly higher than 100% of interest rate and inflation risk arising from the Technical Provisions measure of the liabilities. Guidelines have been put in place for the hedging portfolio to limit the risk between it and the basis on which the Technical Provisions measure of the liabilities is calculated.

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

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

Risks Associated with UK DB Plan

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

Asset volatility

The liabilities are calculated using a discount rate set with reference to corporate bond yields; if assets underperform this yield, this will reduce the surplus.

Changes in bond yields

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

Inflation Risk

A significant proportion of the UK DB Plan's benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation). An increase in inflation will also increase the deficit to the extent that the inflation hedges do not match the effect of inflation increases on the benefit obligations – the current hedging is designed to minimise this risk relative to the technical provisions basis.

Life expectancy

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

Estimated future benefit payments

		UK DB Plan 2020
Estimated future benefit payments (USD million)		
2021		25
2022		27
2023		31
2024		35
2025		39
For five years thereafter		262

The future estimated benefit payments assume alternative benefit options that a member can choose instead of a pension are not elected, i.e. deferred members do not elect to transfer their

pension arrangement to another pension scheme before retirement and members do not elect to convert pension into lump sum at retirement.

Expected Contributions

Contribution payments to the UK DB Plan ceased in April 2019, and no contributions are expected to be paid in 2021.

Plan assets measured at fair value

	2020				2019			
	Quoted	Unquoted	Total	% of total fair value of scheme assets	Quoted	Unquoted	Total	% of total fair value of scheme assets
Plan assets measured at fair value (USD million)								
Cash and cash equivalents	–	6	6	0.2%	–	113	113	3.8%
Debt Securities	3,243	68	3,311	101.4%	2,756	132	2,887	96.1%
of which governments	2,464	–	2,464	75.5%	1,967	–	1,967	65.5%
of which corporates	779	68	847	25.9%	789	132	920	30.7%
Derivatives	–	(53)	(53)	(1.6)%	–	(38)	(38)	(1.3)%
Alternative investments	–	–	–	–	–	41	41	1.4%
of which other	–	–	–	–	–	41	41	1.4%
Total plan assets UK Plans	3,243	21	3,264	100.0%	2,756	248	3,004	100.0%

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

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

Derivatives consist of a variety of products to manage market risks (e.g. interest, inflation). These include OTC and exchange

traded derivatives. The fair value of OTC derivatives is determined on the basis of inputs that include those characteristics of the derivative that have a bearing on the economics of the instrument. The fair value of exchange-traded derivatives is typically derived from observable exchange prices and/or observable inputs.

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

Defined Contribution Pension Plans

The Bank also contributes to various defined contribution pensions primarily in the United Kingdom. The contributions in these plans during 2020 were USD 39 million (2019: USD 32 million).

36 Employee Share-based Compensation and Other Compensation Benefits

Payment of deferred compensation to employees is determined by the nature of the business, role, location and performance of the employee. Unless there is a contractual obligation, granting deferred compensation is solely at the discretion of the Compensation Committee and senior management. Special deferred compensation granted as part of a contractual obligation is typically used to compensate new senior employees for forfeited awards from previous employers upon joining the Bank. It is the Bank's policy not to make multi-year guarantees.

Compensation expense for share-based and other awards that were granted as deferred compensation is recognised in accordance with the specific terms and conditions of each respective award and is primarily recognised over the future requisite service

and vesting period. This is determined by the plan, retirement eligibility of employees, two-year moratorium periods on early retirement and certain other terms. All deferred compensation plans are subject to restricted covenants, which generally include non-compete and non-solicit provisions. Compensation expense for share-based and other awards that were granted as deferred compensation also includes the current estimated outcome of applicable performance criteria, estimated future forfeitures and mark-to-market adjustments for certain awards that are still outstanding.

Total compensation expense for cash-settled share-based compensation plans recognised during 2020 and 2019 was USD 107 million and USD 177 million respectively. The total

stock award liability recorded as at 31 December 2020 was USD 289 million (2019: USD 249 million). The fair value used to calculate the stock award liability was the closing CSG share price as at 31 December 2020 CHF 11.40 (2019: CHF 13.10). The average weighted fair value of awards granted in 2020 was CHF 10.31 (2019: CHF 11.26). The intrinsic value of vested share-based awards outstanding as at year end was USD 84 million (2019: USD 65 million).

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

Share Awards

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

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

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

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

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

Movements in the number of share outstanding were as follows:

Group and Bank	2020	2019
Number of units (millions)		
As at 1 January	14.52	8.65
Granted	8.67	9.19
Shares transferred in/out	(0.67)	0.17
Delivered	(6.68)	(3.20)
Forfeited	(0.58)	(0.29)
As at 31 December	15.26	14.52

Performance Share Awards ('PSA')

Certain employees received a portion of their deferred variable compensation in the form of performance share awards. Performance share awards are similar to share awards, except that the full balance of outstanding performance share awards, including those awarded in prior years, are subject to performance-based malus provisions.

Performance share awards are subject to a negative adjustment in the event of a divisional loss by the division in which the employees worked as at December 31, 2020, or a negative CSG ROE, whichever results in a larger adjustment. For employees in Corporate Functions and the Asset Resolution Unit, the negative adjustment only applies in the event of a negative CSG ROE and

is not linked to the performance of the divisions. The basis for the ROE calculation may vary from year to year, depending on the Compensation Committee's determination for the year in which the performance shares are granted.

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

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

Movements in the number of PSA outstanding were as follows:

Group and Bank	2020	2019
Number of units (millions)		
As at 1 January	9.63	5.76
Granted	5.84	5.55
Shares transferred in/out	(0.53)	(0.04)
Delivered	(1.81)	(1.54)
Forfeited	(0.39)	(0.10)
As at 31 December	12.74	9.63

Contingent Capital Awards

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

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

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

respectively, per annum over the six-month Swiss franc LIBOR; and

- The semi-annual interest equivalent cash payment calculation cycle with effect from February 2021, will be based on the SOFR for CCA denominated in US dollars and the SARON for CCA denominated in Swiss francs.

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

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

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

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

Total compensation expense recognized for CCAs during the year ended December 31, 2020 was USD 32 million (2019: USD 38 million).

Capital Opportunity Facility awards

As part of the 2011 annual compensation process, CSG awarded a portion of deferred variable compensation for certain employees in the form of 2011 Partner Asset Facility (PAF2) units. PAF2 units were essentially fixed income structured notes that are exposed to a portion of the credit risk that arises in CSG's

derivative activities, including both current and possible future swaps and other derivative transactions.

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

- **Capital Opportunity Facility ('COF'):** participants elected for their award to be referenced to a COF. The COF is a seven-year facility that is linked to the performance of a portfolio of risk-transfer and capital mitigation transactions, to be

entered into with CSG, chosen by a COF management team. The value of the COF awards will be reduced if there are losses from the COF portfolio, up to the full amount of the award. Participants who elect the COF will receive semi-annual US dollar cash distributions of 6.5% per annum until settlement in cash in 2021, and such semi-annual distributions will reduce the cash settlement amount payable in 2021; and

- **CCA:** participants elected to receive CCA, with similar terms to the instruments granted as part of the 2013 compensation awards.

Total compensation expense recognized for the COF during the year ended December 31, 2020 was USD 0.08 million (2019: USD 0.3 million).

37 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 due to banks, 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.

CS AG, CSi group's immediate parent, is the smallest group of undertakings to prepare consolidated financial statements.

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

a) Related party assets and liabilities

Group	31 December 2020			31 December 2019		
	Parent ¹	Fellow group companies	Total	Parent ¹	Fellow group companies	Total
Assets (USD million)						
Cash and due from banks	4,757	15	4,772	3,006	38	3,044
Interest-bearing deposits with banks	14,486	–	14,486	12,205	–	12,205
Securities purchased under resale agreements and securities borrowing transactions	2,998	1,338	4,336	3,078	3,067	6,145
Trading financial assets mandatorily at fair value through profit or loss	26,126	12,380	38,506	21,591	5,263	26,854
Non-trading financial assets mandatorily at fair value through profit or loss	15,345	5,442	20,787	530	18,405	18,935
Loans and advances ²	200	2,504	2,704	195	2,504	2,699
Other assets	2,456	6,609	9,065	3,903	2,494	6,397
Total assets	66,368	28,288	94,656	44,508	31,771	76,279
Liabilities and Equity (USD million)						
Due to banks ³	174	–	174	21	–	21
Securities sold under repurchase agreements and securities lending transactions	894	3,889	4,783	1,619	1,536	3,155
Trading financial liabilities mandatorily at fair value through profit or loss	24,024	8,245	32,269	21,220	4,740	25,960
Financial liabilities designated at fair value through profit or loss	11,488	5,882	17,370	8,893	2,718	11,611
Borrowings	2,436	–	2,436	14,116	–	14,116
Debt in issuance	28,741	2,856	31,597	11,057	2,821	13,878
Other liabilities	2,714	5,636	8,350	2,756	1,656	4,412
Share capital	8,764	2,602	11,366	8,764	2,602	11,366
Share premium	–	–	–	4,110	8,594	12,704
Total liabilities and equity	79,235	29,110	108,345	72,556	24,667	97,223

¹ The term parent refers to the immediate parent, Credit Suisse AG and also the ultimate parent CSG. Above table includes other liabilities balances with CSG of USD 131 million (2019: USD 126 million)

² Net Loans are renamed as 'Loans and advances' to better describe the nature of items under the heading.

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

Bank	31 December 2020				31 December 2019			
	Parent ¹	Fellow group companies	Subsidiaries	Total	Parent ¹	Fellow group companies	Subsidiaries	Total
Assets (USD million)								
Cash and due from banks	4,757	15	–	4,772	3,006	38	–	3,044
Interest-bearing deposits with banks	14,486	–	–	14,486	12,205	–	–	12,205
Securities purchased under resale agreements and securities borrowing transactions	2,998	1,338	–	4,336	3,078	3,067	–	6,145
Trading financial assets mandatorily at fair value through profit or loss	26,126	12,380	4	38,510	21,591	5,263	8	26,862
Non-trading financial assets mandatorily at fair value through profit or loss	15,345	5,442	109	20,896	530	18,405	105 ⁴	19,040
Loans and advances ²	200	2,504	–	2,704	195	2,504	–	2,699
Other assets	2,456	6,609	–	9,065	3,903	2,494	–	6,397
Total assets	66,368	28,288	113	94,769	44,508	31,771	113	76,392
Liabilities and Equity (USD million)								
Due to banks ³	174	–	–	174	21	–	–	21
Securities sold under repurchase agreements and securities lending transactions	894	3,889	–	4,783	1,619	1,536	–	3,155
Trading financial liabilities at fair value through profit or loss	24,024	8,245	2	32,271	21,220	4,740	2	25,962
Financial liabilities designated at fair value through profit or loss	11,488	5,882	–	17,370	8,893	2,718	4	11,615
Borrowings	2,436	–	–	2,436	14,116	–	–	14,116
Debt in issuance	28,741	2,856	64	31,661	11,057	2,821	59	13,937
Other liabilities	2,714	5,636	–	8,350	2,756	1,656	–	4,412
Share capital	8,764	2,602	–	11,366	8,764	2,602	–	11,366
Share premium	–	–	–	–	4,110	8,594	–	12,704
Total liabilities and equity	79,235	29,110	66	108,411	72,556	24,667	65	97,288

¹ The term parent refers to the immediate parent, Credit Suisse AG and also the ultimate parent CSG. Above table includes other liabilities balances with CSG of USD 131 million (2019: USD 126 million)

² Net Loans are renamed as 'Loans and advances' to better describe the nature of items under the heading.

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

⁴ 2019 numbers have been restated to disclose the impact of prior period adjustments. Details are included in Note 2- Significant Accounting Policies .

Related party off-balance sheet transactions

Group and Bank (USD million)	31 December 2020			31 December 2019		
	Parent	Fellow group companies	Total	Parent	Fellow group companies	Total
Guarantees and Commitments						
Other credit guarantees	–	–	–	–	50	50
Other indemnifications	–	10	10	–	10	10
Irrevocable loan commitments	–	173	173	–	173	173
Gross Irrevocable Loan commitments	–	183	183	–	233	233
Irrevocable Loan commitments – sub-participation ¹	–	(35)	(35)	–	(32)	(32)
Net Irrevocable Loan commitments	–	148	148	–	201	201

¹ 2019 numbers have been restated to conform to Current year's presentation.

b) Related party revenues and expenses

Group (USD million)	31 December 2020			31 December 2019 ³		
	Parent ²	Fellow group companies	Total	Parent ²	Fellow group companies	Total
Interest income	183	80	263	500	165	665
Interest expense	(232)	(86)	(318)	(405)	(204)	(609)
Net interest expense	(49)	(6)	(55)	95	(39)	56
Commissions and fees	33	48	81	20	52	72
Transfer pricing arrangements	29	118	147	16	81	97
Other revenue	86	–	86	60	–	60
Total non-interest revenues	148	166	314	96	133	229
Net operating income	99	160	259	191	94	285
Total operating expenses¹	(427)	(511)	(938)	(392)	(366)	(758)

¹ Net overheads allocated to other CS group entities of USD 449 million (2019: USD 439 million) are not included in the Total operating expenses.

² Above table includes operating expenses balances with CSG of USD 3.4 million (2019: USD 3.4million)

³ 2019 numbers have been restated to disclose the impact of prior period adjustments. Details are included in Note 2- Significant Accounting Policies.

c) Remuneration

Remuneration of Directors

(USD '000)	2020	2019
Emoluments	5,199	6,231
Long term incentive schemes:		
Amounts Paid under Deferred Cash Awards	131	468
Amounts Delivered under Share Based Awards	967	1,333
Total	6,297	8,032
Compensation for loss of office	89	–
Bank's contributions to defined contribution	31	102
Total	6,417	8,134

Emoluments include amounts paid to or receivable by the Directors. Only vested Cash Retention Awards are included in emoluments. Long term incentive schemes consist of deferred cash awards and share based awards and are only given to Executive Directors. The Non-Executive Directors only receive a fixed fee. Deferred cash awards are included in the period when the amounts vest and are paid, and share based awards are included in the period when the amounts vest and are delivered.

Where directors perform services for a number of companies within the CS group, the total remuneration payable to each director has been apportioned to the respective entities based on a time spent per company allocation for that director.

The aggregate of emoluments and deferred cash awards paid to or receivable by the highest paid director was USD 1,878,000 (2019: USD 1,989,000). There were no contributions made for defined contribution pension plan in 2020 (2019: USD 8,000). There were also no contributions made for defined benefit lump sum (2019: USD Nil). During the year the highest paid director also received an entitlement to shares under a long term incentive scheme.

The amounts included in the Companies Act disclosures are on a different basis than the recognition requirements of IFRS 2 and IAS 19 and the disclosure requirements of IAS 24. The aggregate amount of remuneration accrued in the Bank's accounts for directors in accordance with IFRS requirements for 2020 was USD 9,674,000 (2019: USD 11,917,000).

d) Number of Directors and Benefits

(Number of Directors)	2020	2019
Retirement benefits are accruing to the following number of Directors under:		
Defined contribution schemes	5	7
No scheme	8	6
Directors in respect of whom services were received or receivable under long term incentive scheme	7	7

e) Remuneration of Key Management Personnel

(USD' 000)

2020 2019

Remuneration of Key Management Personnel

Emoluments	11,718	12,460
Long term incentive schemes	10,433	12,085
Total	22,151	24,545
Compensation for loss of office	89	–
Bank's contributions to defined contribution plan	105	183
Total	22,345	24,728

The numbers disclosed in the 'Remuneration of Key Management Personnel' are based on amounts accrued in the financial statements for all emoluments and long term incentive schemes.

Where Key Management Personnel perform services for a number of companies within the CS group, the total remuneration payable to each key management person has been apportioned to the respective entities based on a time spent per company allocation for that key management person.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the CSi group, directly or indirectly, including any director of the CSi group.

Key management personnel include Directors and the members of the CSi Executive Committee.

CSG Shares awarded to Key Management Personnel

2020 2019

Number of shares	1,385,833	1,109,773
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The shares included in the table are the shares accrued in the period under the requirements of IFRS 2. These numbers differ from the share awards included in the Companies Act disclosures above, which are disclosed in the period in which they vest and are delivered.

f) Loans and Advances to Directors and Key Management Personnel

Loans outstanding to or due from Directors or key management personnel of the CSi group as at 31 December 2020 were USD 3,000 (2019: USD 3,000), of which loans to Directors were USD 3,000 (2019: USD 3,000).

38 Employees

The monthly average number of persons employed during the year was as follows:

Group and Bank (Number)	2020	2019
Business functions	1,346	1,500
Corporate functions	1,150	940
Total	2,496	2,440

The CSi group receives a range of services from related companies, in particular from Credit Suisse Services AG, London

Branch. The headcount related to these services is not included in the above numbers. All staff are employed by the Bank.

39 Derivatives and Hedging Activities

Derivatives are generally either bilateral OTC contracts or standard contracts transacted through regulated exchanges. The Bank's most frequently used freestanding derivative products, entered into for trading and risk management purposes, include interest rate, equity, cross currency and credit default swaps, interest rate and foreign currency options, foreign exchange forward contracts, and foreign currency and interest rate futures.

Furthermore, the Bank enters into contracts that are not considered derivatives in their entirety but include embedded derivative features. Such transactions primarily include issued and purchased structured debt instruments where the return may be calculated by reference to an equity security, index, or third-party credit risk or that have non-standard or foreign currency terms.

On the date the derivative contract is entered into, the Bank designates the derivative as belonging to one of the following categories:

- a trading activity;
- a risk management transaction that does not qualify as a hedge under accounting standards (referred to as an economic hedge); or
- a hedge of the variability of cash flows to be received or paid related to a recognised asset or liability or a forecasted transaction.

The following table sets forth details of trading and hedging derivatives instruments:

Group	31 December 2020				31 December 2019			
	Trading ¹		Hedging ¹		Trading ¹		Hedging ¹	
	Gross Derivative Assets	Gross Derivative Liabilities	Gross Derivative Assets	Gross Derivative Liabilities	Gross Derivative Assets	Gross Derivative Liabilities	Gross Derivative Assets	Gross Derivative Liabilities
Trading and hedging derivatives instruments (USD million)								
Forwards and forward rate agreements	9	4	—	—	1	1	—	—
Swaps	85,965	79,230	—	—	77,041 ²	74,725 ²	—	—
Options bought and sold (OTC)	21,363	20,890	—	—	17,766	17,511	—	—
Options bought and sold (Exchange traded)	541	705	—	—	276	252	—	—
Interest rate products	107,878	100,829	—	—	95,084	92,489	—	—
Forwards and forward rate agreements	4,263	4,067	33	—	3,871	3,735	11	2
Swaps	12,540	15,253	—	—	11,901	14,855	—	—
Options bought and sold (OTC)	2,777	3,158	—	—	2,444	2,926	—	—
Foreign exchange products	19,580	22,478	33	—	18,216	21,516	11	2
Forwards and forward rate agreements	1	5	—	—	—	7	—	—
Swaps	9,606	10,470	—	—	3,403	4,049	—	—
Options bought and sold (OTC)	13,540	9,320	—	—	7,644	7,517	—	—
Options bought and sold (Exchange traded)	22,230	22,258	—	—	4,628	4,428	—	—
Equity/indexed-related products	45,377	42,053	—	—	15,675	16,001	—	—
Swaps	7,999	8,256	—	—	5,215	5,634	—	—
Options bought and sold (OTC)	67	168	—	—	35	88	—	—
Credit products	8,066	8,424	—	—	5,250	5,722	—	—
Forwards and forward rate agreements	193	168	—	—	96	89	—	—
Swaps	10	188	—	—	10	124	—	—
Options bought and sold (OTC)	105	153	—	—	206	289	—	—
Options bought and sold (Exchange traded)	147	25	—	—	11	14	—	—
Other products	455	534	—	—	323	516	—	—
Total derivative instruments	181,356	174,318	33	—	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 31 – 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.

Group	2020 ¹		2019 ^{1&2}	
	Derivative Assets	Derivative Liabilities	Derivative Assets	Derivative Liabilities
Derivative Assets and Liabilities (USD million)				
Derivative Assets and Liabilities (trading and hedging) before netting	181,389	174,318	134,559	136,246
Derivative Assets and Liabilities (trading and hedging) after netting	157,970	154,001	120,975	123,046

¹ Gross Derivative Assets and Liabilities indicate Fair value. Above table includes Assets and Liabilities held for sale. Details are included in Note 31- Discontinued Operations and Assets and Liabilities 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.

Bank	31 December 2020				31 December 2019			
	Trading ¹		Hedging ¹		Trading ¹		Hedging ¹	
	Gross Derivative Assets	Gross Derivative Liabilities	Gross Derivative Assets	Gross Derivative Liabilities	Gross Derivative Assets	Gross Derivative Liabilities	Gross Derivative Assets	Gross Derivative Liabilities
Trading and hedging derivatives instruments (USD million)								
Forwards and forward rate agreements	9	4	—	—	1	1	—	—
Swaps	85,966	79,230	—	—	77,042 ²	74,725 ²	—	—
Options bought and sold (OTC)	21,363	20,890	—	—	17,766	17,511	—	—
Options bought and sold (Exchange traded)	541	705	—	—	276	252	—	—
Interest rate products	107,879	100,829	—	—	95,085	92,489	—	—
Forwards and forward rate agreements	4,263	4,067	33	—	3,871	3,735	11	2
Swaps	12,540	15,253	—	—	11,901	14,855	—	—
Options bought and sold (OTC)	2,777	3,158	—	—	2,444	2,926	—	—
Foreign exchange products	19,580	22,478	33	—	18,216	21,516	11	2
Forwards and forward rate agreements	1	5	—	—	—	7	—	—
Swaps	9,606	10,470	—	—	3,403	4,048	—	—
Options bought and sold (OTC)	13,540	9,319	—	—	7,644	7,517	—	—
Options bought and sold (Exchange traded)	22,230	22,258	—	—	4,628	4,429	—	—
Equity/indexed-related products	45,377	42,052	—	—	15,675	16,001	—	—
Swaps	7,999	8,258	—	—	5,215	5,635	—	—
Options bought and sold (OTC)	67	168	—	—	35	88	—	—
Credit products	8,066	8,426	—	—	5,250	5,723	—	—
Forwards and forward rate agreements	193	168	—	—	96	89	—	—
Swaps	10	188	—	—	10	124	—	—
Options bought and sold (OTC)	105	153	—	—	206	289	—	—
Options bought and sold (Exchange traded)	147	25	—	—	11	14	—	—
Other products	455	534	—	—	323	516	—	—
Total derivative instruments	181,357	174,319	33	—	134,549	136,245	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 31 – 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.

Bank	2020 ¹		2019 ^{1&2}	
	Derivative Assets	Derivative Liabilities	Derivative Assets	Derivative Liabilities
Derivative Assets and Liabilities (USD million)				
Derivative Assets and Liabilities (trading and hedging) before netting	181,390	174,319	134,560	136,247
Derivative Assets and Liabilities (trading and hedging) after netting	157,971	154,002	120,976	123,047

¹ Gross Derivative Assets and Liabilities indicate Fair value. Above table includes Assets and Liabilities held for sale. Details are included in Note 31- Discontinued Operations and Assets and Liabilities 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.

For information and details on the balances with related parties, refer Note 37- Related Parties.

Trading Activities

The Bank is active in most of the principal trading markets and transacts in many popular trading and hedging products. As noted above, this includes the use of swaps, futures, options and structured products (custom transactions using combinations of derivatives) in connection with its sales and trading activities. Trading activities include market making and customer based trading. The majority of the Bank's derivatives held as at 31 December 2019 were used for trading activities.

Economic Hedges

Economic hedges arise when the CSi group enters into derivative contracts for its own risk management purposes, but the contracts entered into do not qualify for hedge accounting under IFRS. These economic hedges include the following types:

- interest rate derivatives to manage net interest rate risk on certain banking business assets and liabilities;
- foreign exchange derivatives to manage foreign exchange risk on certain banking business revenue and expense items, as well as on banking business assets and liabilities;
- credit derivatives to manage credit risk on certain loan portfolios; and
- economic hedges are accounted for and presented in the same way as trading derivatives, since hedge accounting is not applied.

Cash Flow Hedges

The CSi group designates cash flow hedges as part of its strategy to mitigate its risk to variability of foreign currency denominated professional services and salaries and payroll taxes by using foreign exchange forwards. The strategy is to enter into a strip of foreign exchange forward trades to hedge the risk associated with these expenses to recognise the gain or loss on these hedges in the profit and loss line of the hedged item. The strip of foreign exchange forward trades mature on the last business day of the respective month.

The objective of the strategy is to lock in the USD equivalent of certain GBP professional services and salaries and payroll taxes at the rates prevailing at the time of executing the hedge trade(s). By investing in foreign exchange forward contracts, the CSi group has secured the GBP/USD exchange rate, at which rate the expenses will be recorded at in the financial statements.

The nature of the risk being hedged is the impact of forward foreign exchange rate movements on the moment of GBP expense recognition in the financial statements. Hence, the forward points within the foreign exchange forward trades are included in the hedge relationship. The GBP expenses are remeasured into USD at the time when recognised in the financial statements. The GBP denominated payments are referred to as the hedged item. The remeasurement of GBP expenses into USD is performed using the foreign exchange rate set on the last business day of that month. Hence, there is no timing mismatch between the hedging instrument and the hedged item, as the maturity date of a foreign exchange forward trade is always a last business day of a month.

The following table sets forth details of cash flow hedging instruments:

Group and Bank As at 31 December 2020 (USD million)	Nominal amount of the hedging instrument	Carrying amount of the hedging instrument		Line item in the statement of financial position where the hedging instrument is recorded	Changes in fair value used for calculating hedge ineffectiveness during the period
		Assets	Liabilities		
Cash flow hedges (USD million)					
Foreign exchange risk					
Forward contracts	519	33	–	Other assets	18

Group and Bank As at 31 December 2019 (USD million)	Nominal amount of the hedging instrument	Carrying amount of the hedging instrument		Line item in the statement of financial position where the hedging instrument is recorded	Changes in fair value used for calculating hedge ineffectiveness during the period
		Assets	Liabilities		
Cash flow hedges (USD million)					
Foreign exchange risk					
Forward contracts	529	11	2	Other assets/ Other Liabilities	21

The following table sets forth the timing of future cash flows of hedging instruments:

As at 31 December 2020 (USD million)		
	< 6 months	< 1 year
Cash Flow Hedges		
Foreign exchange price risk		
Forward contracts	250	269
Average exchange rate – GBP/USD	1.27	1.32

Group and Bank As at 31 December 2019 (USD million)		
	< 6 months	< 1 year
Cash Flow Hedges		
Foreign exchange price risk		
Forward contracts	260	269
Average exchange rate – GBP/USD	1.32	1.27

The following table sets forth the details of hedged item:

Group and Bank Cash flow hedges as at 31 December 2020 (USD million)		
	Change in value of the hedged item	Cash flow hedge reserve
Foreign exchange price risk		
Professional services, salaries and payroll taxes	–	27

Group and Bank
Cash flow hedges as at 31 December 2019 (USD million)

Change in value
of the hedged item

Cash flow
hedge reserve

Foreign exchange price risk

Professional services, salaries and payroll taxes	–	9
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Hedge effectiveness assessment

The CSi group assesses the effectiveness of hedging relationships both prospectively and retrospectively. The prospective assessment is made both at the inception of a hedging relationship and on an ongoing basis and requires the CSi group to justify its expectation that the relationship will be highly effective over

future periods. The retrospective assessment is also performed on an ongoing basis and requires the CSi group to determine whether or not the hedging relationship has actually been effective. If the CSi group concludes, through a retrospective evaluation, that hedge accounting is appropriate for the current period, then it measures the amount of hedge ineffectiveness to be recognised in earnings.

	2020	2019
	Foreign exchange price risk	Foreign exchange price risk
	Forward contract	Forward contract
Cash flow hedges (USD million)		
Hedging gain/(loss) recognised in OCI	16	6
Amount reclassified to profit or loss because hedged item has affected profit or loss	(2)	(15)
Line item that includes the reclassification adjustments and trading expenses	Total Operating expenses: a. General, administrative and trading expenses b. Compensation and benefits	Total Operating expenses: a. General, administrative b. Compensation and benefits

	2020	2019
	Cash flow hedging reserve	Cash flow hedging reserve
Cash flow hedge reserve (USD million)		
Opening balance at 1 January	9	(12)
Cash flow hedges		
Effective portion of changes in fair value:		
Foreign Exchange Currency risk	16	6
Net amount reclassified to profit or loss:		
Foreign Exchange Currency risk	2	15
Closing balance at 31 December	27	9

Disclosures relating to contingent credit risk

Certain of the Bank's derivative instruments contain provisions that require it to maintain a specified credit rating from each of the major credit rating agencies. If the ratings fall below the level specified in the contract, the counterparties to the agreements could request payment of additional collateral on those derivative instruments that are in a net liability position. Certain of the derivative contracts also provide for termination of the contract, generally upon a downgrade of either CSG or the counterparty, at the existing mark to market replacement value of the derivative contract.

On a daily basis, the level of incremental collateral that would be required by derivative counterparties in the event of a CSG ratings downgrade is monitored. Collateral triggers are maintained by the Collateral Management department and vary by counterparty.

The impact of downgrades in the CSG's debt in issuance ratings are considered in the stress assumptions used to determine the liquidity and funding profile of the Bank. The Bank holds a liquidity pool made up of 'high quality liquid assets' ('HQLA') to meet any additional collateral calls as a result of a downgrade. The assessment takes into consideration a two-notch downgrade in credit rating of CSG.

40 Contingent Liabilities, Guarantees and Commitments

The following tables set forth details of contingent liabilities associated with guarantees and other commitments:

Group and Bank	Maturity				Total gross amount	Secured by collateral	Net of collateral
	<1 year	1-3 years	3-5 years	>5 years			
31 December 2020							
Guarantees (USD million)							
Credit guarantees and similar instruments	248	160	58	–	466	4	462
Performance guarantees and similar instruments	–	2	–	–	2	–	2
Other guarantees	10	–	–	–	10	–	10
Total guarantees	258	162	58	–	478	4	474

Group and Bank	Maturity				Total gross amount	Secured by collateral	Net of collateral
	<1 year	1-3 years	3-5 years	>5 years			
31 December 2020							
Other commitments (USD million)							
Loan commitments	649	929	435	756	2,769	1,755	1,014
Other commitments – commitments to purchase cash securities <1 year	5,193	–	–	–	5,193	–	5,193
Total other commitments	5,842	929	435	756	7,962	1,755	6,207

Group and Bank	Maturity				Total gross amount	Secured by collateral	Net of collateral
	<1 year	1-3 years	3-5 years	>5 years			
31 December 2019							
Guarantees (USD million)							
Credit guarantees and similar instruments	203	2	–	–	205	29	176
Performance guarantees and similar instruments	586	1,734	25	–	2,345	–	2,345
Other guarantees	10	–	–	–	10	–	10
Total guarantees	799	1,736	25	–	2,560	29	2,531

Group and Bank	Maturity				Total gross amount	Secured by collateral	Net of collateral
	<1 year	1-3 years	3-5 years	>5 years			
31 December 2019							
Other commitments (USD million)							
Loan commitments	1,056	2,098	1,824	857	5,835	3,108	2,727
Other commitments – commitments to purchase cash securities <1 year	1,442	–	–	–	1,442	–	1,442
Total other commitments	2,498	2,098	1,824	857	7,277	3,108	4,169

Credit guarantees are contracts that require the CSi group to make payments, should a third party fail to do so under a specified existing credit obligation. For example, in connection with its corporate lending business and other corporate activities, the CSi group provides guarantees to counterparties in the form of

standby letters of credit, which represent obligations to make payments to third parties if the counterparty fails to fulfill its obligation under a borrowing arrangement or other contractual obligation.

Performance guarantees and similar instruments are arrangements that require contingent payments to be made when certain performance-related targets or covenants are not met. Such covenants may include a customer's obligation to deliver certain products and services or to perform under a construction contract. Performance-related guarantees are frequently executed as part of project finance transactions.

Loan commitments include unused credit facilities that cannot be revoked at any time without prior notice.

Commitments to purchase cash securities represents the value of debt and equity cash security contracts which requires CSi group to make payments to customers, banks, brokers and dealers which have not settled as at the reporting date.

Contingent Liabilities and Other Commitments

CSi is the subject of a number of litigation matters. Provision for loss 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 reliably 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 trades 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 continuing to respond to requests from regulatory and enforcement authorities, and is in ongoing dialogue with certain of these authorities, related to certain Credit Suisse entities' arrangement of loan financing to Mozambique state enterprises, ProIndicus S.A. and Empresa Mocambicana de Atum S.A. (EMATUM), a distribution to private investors of loan participation notes (LPN) related to the EMATUM financing in September 2013, and certain Credit Suisse entities' subsequent role in arranging the exchange of those LPNs for Eurobonds issued by the Republic of Mozambique.

On 3 January 2019, the United States Attorney for the Eastern District of New York unsealed an indictment against several individuals in connection with the matter, including three former Credit Suisse employees. On 20 May 2019, 19 July 2019 and 6 September 2019, the three former employees pleaded guilty to accepting improper personal benefits in connection with financing transactions carried out with two Mozambique state enterprises. Credit Suisse is cooperating with the authorities on this matter. On 27 February 2019, certain Credit Suisse entities 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. On 26 June 2020 the Credit Suisse entities filed third party claims against the project contractor and several Mozambique officials. The Republic of Mozambique filed an updated Particulars of Claim on 27 October 2020, and the Credit Suisse entities filed their amended defense and counterclaim on 15 January 2021. 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. Also on 15 January 2021 the project contractor filed a cross claim against the Credit Suisse entities (as well as the three former Credit Suisse employees and various Mozambican officials) seeking an indemnity and/or contribution in the event that the contractor is found liable to the Republic of Mozambique.

On 27 April 2020 Banco Internacional de Moçambique (BIM), a member of the ProIndicus syndicate, brought a claim against certain Credit Suisse entities seeking, contingent on the Republic of Mozambique's claim, a declaration that Credit Suisse is liable to compensate it for alleged losses suffered as a result of any invalidity of the sovereign guarantee. The Credit Suisse entities filed their defense to this claim on 28 August 2020, to which BIM replied on 16 October 2020.

On 17 December 2020 two members of the ProIndicus syndicate, Beauregarde Holdings LLP and Orobica Holdings LLC filed a claim against certain Credit Suisse entities in respect of their interests in the ProIndicus loan, seeking unspecified damages stemming from the alleged loss suffered due to their reliance on representations made by Credit Suisse to the syndicate lenders.

A number of regulatory and other investigations and actions have been initiated or are being considered in respect of each of the matters disclosed in the subsequent event note (Note 49), including enforcement actions by FINMA against CS group. Third parties appointed by FINMA will conduct investigations into these matters. As both of these matters develop, CS group, including CSi may become subject to additional litigation, disputes or other actions.

41 Interests in Other Entities

CSi has interests in a number of entities where it has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of these entities are included in the

consolidated financial statements from the date on which control commences until the date on which control ceases.

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

Composition of the CSI group

Entity Name	Domicile	Currency	Percentage of ownership held 2020	Percentage of ownership held 2019
31 December 2020				
AI3 Segregated Portfolio	Cayman Islands	USD	100	100
Ajanta Limited	Gibraltar	EUR	–	100
Andrea Investments (Jersey) PCC – Cell Series 1000 EUR	Jersey	EUR	100	100
Andrea Investments (Jersey) PCC – Cell Series 1000 USD	Jersey	USD	100	100
Andrea Investments (Jersey) PCC	Jersey	GBP	100	100
Andrea Investments (Jersey) PCC – Cell Series 1000 PC	Jersey	USD	100	100
Argentum Capital Series 2015-51, 2015-25, 2015-53, 2016-20, 2018-64	Luxembourg	USD	–	100
Argentum Capital Series 2015-79, 2016-06, 2016-06	Luxembourg	USD	100	100
Argentum Capital Series 2016-25, 2016-43, 2016-49, 2017-59, 2017-81	Luxembourg	USD	100	-
Arundel (International) Limited	Gibraltar	EUR	–	100
Bellingham Properties Limited	Gibraltar	EUR	–	100
Boats Investments (Jersey) Ltd Series 646,647,648,649,654,655,656,657	Jersey	USD	100	-
Boats Investments (Jersey) Ltd Series 557,568,577,587,590,600,603,605,608,613,618,619, 620,624,632,637,638,644	Jersey	USD	–	100
Boats Investments (Jersey) Ltd Series 621,627,628,630,631,633,634,639,641,642,643,645	Jersey	USD	100	100
CARMF Alternative 1	France	USD	–	100
Carmil Properties Limited	Gibraltar	EUR	–	100
Cepheus Holdings Limited	Gibraltar	EUR	–	100
Clarus Securities Cayman SPC Limited	Cayman Islands	USD	100	-
Clearwater Seller Limited	United Kingdom	USD	100	100
Coxaro Holdings Limited	Cyprus	USD	–	100
Credit Suisse First Boston Trustees Limited	United Kingdom	USD	100	–
Crown Alternative Investments (Segregated Portfolio)	Cayman Islands	USD	–	100
Custom Markets QIF PLC	Ireland, Republic of	USD	100	100
Dutch Holding Rembrandt B.V.	Netherlands	EUR	–	100
Dutch Property Company Rembrandt BV Entities 1 – 9	Netherlands	USD	–	100
Global Bond Fund	Ireland, Republic of	USD	100	100
HOLT Emerging Markets Equity Fund	Ireland, Republic of	USD	100	100
Interleuvenlaan 15 Real Estate Ltd	Gibraltar	EUR	100	100
Kaylen Properties Limited	Gibraltar	EUR	–	100
M & M Irs SPC	Cayman Islands	USD	100	-
Mistral SPC	Cayman Islands	USD	100	100
Mistral SPC – Long/Short Equity	Cayman Islands	USD	100	100
Morstan Investment B.V.	Netherlands	USD	100	–
New Jersey S.A.	Luxembourg	EUR	100	100
Platinum Securities Netherlands B.V.	Netherlands	EUR	100	-
Ramper Investments (Jersey) Limited – Series 13	Jersey	USD	–	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 – AlphaGo Seg Port (EUR) FLP3457	Cayman Islands	EUR	–	100
Sontex (International) Limited	Gibraltar	EUR	–	100
Weiveldlaan 41 Real Estate Ltd	Gibraltar	EUR	–	100
Westwood S.A	Portugal	USD	100	100
YI Active Spezial ESPA Fund	Austria	EUR	100	100
Zephyros Limited	Cayman Islands	USD	100	100

Changes in ownership that did result in loss of control

(USD million)

2020 2019

31 December 2020

Cash Consideration	60	–
Carrying value of net assets	60	–
Gain/(Loss) on disposal of interests recorded	2	–

There are no material differences between the date of the end of the reporting period of the financial statements of the CSi group and those of any of its subsidiaries (including any consolidated structured entities).

Restrictions

The CSi group and its subsidiaries have certain restrictions which may restrict the ability of the CSi group to access or use the assets and settle the liabilities of the CSi group. These restrictions may be statutory, contractual or regulatory in nature.

The Bank must at all times monitor and demonstrate compliance with the relevant regulatory capital requirements set out in the EU Capital Requirements Regulation ('CRR') and additionally as laid down by the PRA. The Bank has put into place processes and controls to monitor and manage its capital adequacy. For more information regarding the Bank's capital adequacy and how the capital resources are managed and monitored please refer to Note 47 – Capital Adequacy.

The Bank is required to maintain minimum levels of capital in the form of equity shares and reserves to meet PRA requirements.

Restricted assets also include those assets protected under client segregation rules. Please refer to Note 24 – Brokerage Receivables and Brokerage Payables for further information.

The CSi group pledges assets mainly for repurchase agreements and other securities financing. Certain pledged assets may be encumbered, meaning the counterparty has the right to resell or repledge the pledged asset. Please refer to Note 17 – Trading Financial Assets and Liabilities Mandatorily at Fair Value Through Profit or Loss for more information on encumbered assets.

Other restrictions include those that prevent some subsidiaries from making any distributions to the parent such as restrictions on redemption or the payments of dividends.

Unconsolidated structured entities

The CSi group has interests in structured entities which are not consolidated. An interest is either a contractual or non-contractual involvement that exposes the CSi group to variability in returns from the performance of another entity. An interest in another entity can be evidenced by, but is not limited to, the holding of equity or debt instruments as well as other forms of involvement such as the provision of funding, liquidity, credit enhancement and guarantees.

The CSi group does not have an interest in another entity solely because of a typical customer supplier relationship such as fees other than management and performance fees that are passively earned and are typically one-off in nature.

Type of structured entity

Collateralised Debt Obligations

The CSi group engages in CDO transactions to meet client and investor needs, earn fees and sell financial assets. The CSi group may act as underwriter, placement agent or asset manager and may warehouse assets prior to the closing of a transaction. As part of its structured finance business, the CSi group purchases loans and other debt obligations from and on behalf of clients for the purpose of securitisation. The loans and other debt obligations are sold to structured entities, which in turn issue CDOs to fund the purchase of assets such as investment grade and high yield corporate debt instruments.

The maximum exposure to loss consists of the fair value of instruments issued by such structures that are held by the CSi group.

Financial Intermediation

The CSi group has significant involvement with structured entities in its role as a financial intermediary on behalf of clients. Financial intermediation consists of securitisations, funds, loans and other vehicles.

Securitisations

Securitisations are primarily CMBS, RMBS and Asset Backed Securities ('ABS') vehicles. The CSi group acts as an underwriter, market maker, liquidity provider, derivative counterparty and/or provider of credit enhancements to structured entities related to certain securitisation transactions.

The maximum exposure to loss is the carrying value of the loan securities and derivative positions that are variable returns if any, plus the exposure arising from any credit enhancements the CSi group provided. The CSi group's maximum exposure to loss does not include any effects from financial instruments used to economically hedge the risks of the structured entities.

Funds

Funds include investment structures such as mutual funds, funds of funds, private equity funds and fund-linked products, where the investors' interest is typically in the form of debt rather than equity, thereby making them structured entities. The CSi group may have various relationships with such structured entities in the form of structurer, investment advisor, investment manager,

administrator, custodian, underwriter, placement agent, market maker and/or as prime broker. These activities include the use of structured entities in structuring fund-linked products, hedge funds of funds or private equity investments to provide clients with investment opportunities in alternative investments. In such transactions, a structured entity holds underlying investments and issues securities that provide the investors with a return based on the performance of those investments.

The maximum exposure to loss consists of the fair value of instruments issued by such structures that are held by the CSi group. The investors typically retain the risk of loss on such transactions, but for certain fund types, the CSi group may provide principal protection on the securities to limit the investors' exposure to downside market risk. The CSi group's maximum exposure to loss does not include any effects from financial instruments used to economically hedge the risk of the structured entities.

Loans

Loans are single-financing vehicles where the CSi group provides financing for specified assets or business ventures and the respective owner of the assets or manager of the businesses

provides the equity in the vehicle. These tailored lending arrangements are established to purchase, lease or otherwise finance and manage clients' assets.

The maximum exposure to loss is the carrying value of the CSi group's loan exposure, which is subject to the same credit risk management procedures as loans issued directly to clients. The clients' creditworthiness is carefully reviewed, strict loan-to-value ratios are set and, in addition, clients provide equity, additional collateral or guarantees, all of which significantly reduce the CSi group's exposure. The CSi group considers the likelihood of incurring a loss equal to the maximum exposure to be remote because of the CSi group's risk mitigation efforts which includes over-collateralisation and effective monitoring to ensure that a sufficient loan-to-value ratio is maintained.

The following table provides the carrying amounts and classifications of the assets and liabilities of interests recorded in the CSi group's Consolidated Statement of Financial Position, the maximum exposure to loss and the total assets of the unconsolidated structured entities.

Interests in unconsolidated structured entities

	Type of structured entity					Total
	CDO	Securiti- sations	Funds	Loans	Other	
31 December 2020						
Line item in consolidated statement of financial position (USD million)						
Trading financial assets mandatorily at fair value through profit or loss						
Debt securities	–	152	–	–	–	152
Equity securities	–	–	186	–	2	188
Derivative instruments	59	120	2,185	–	4,156	6,520
Non-trading financial assets mandatorily at fair value through profit or loss						
Loans	–	–	–	2	–	2
Total assets	59	272	2,371	2	4,158	6,862
Trading financial liabilities mandatorily at fair value through profit or loss						
Debt securities	–	–	–	–	–	–
Derivative instruments	1	25	23	–	–	49
Financial liabilities designated at fair value through profit or loss						
Debt in issuance	–	–	–	–	277	277
Securities sold under repurchase agreements and securities lending transactions	–	32	–	–	–	32
Total liabilities	1	57	23	–	277	358
Maximum exposure to loss	59	272	2,371	2	4,158	6,862
Unconsolidated structured entity assets	338	38,379	1,523,816	34	15,297	1,577,864

	Type of structured entity					
	Financial intermediation					
31 December 2019	CDO	Securiti- sations	Funds	Loans	Other	Total
Balance sheet line item (USD million)						
Trading financial assets mandatorily at fair value through profit or loss						
Debt securities	–	163	142	–	–	305
Equity securities	–	–	883	–	15	898
Derivative instruments	61	80	20	–	5	166
Non-trading financial assets mandatorily at fair value through profit or loss						
Loans	–	54	–	2	–	56
Total assets	61	297	1,045	2	20	1,425
Trading financial liabilities mandatorily at fair value through profit or loss						
Debt securities	–	(3)	–	–	–	(3)
Derivative instruments	–	(10)	(39)	–	–	(49)
Financial liabilities designated at fair value through profit or loss						
Debt in issuance	–	–	–	–	–	–
Total liabilities	–	(13)	(39)	–	–	(52)
Maximum exposure to loss	61	297	1,045	2	20	1,425
Unconsolidated structured entity assets	120	34,982	1,100,911	57	579	1,136,649

The unconsolidated structured entity assets relate to where the CSi group has an interest in the unconsolidated structured entity. These amounts represent the assets of the entities themselves

and are typically unrelated to the exposures the CSi group has with the entity and thus are not amounts that are considered for risk management purposes.

Income and losses from unconsolidated structured entities

	Income/(Losses)						Total
	Derivative Gain/(Loss)	Other Fair Value Gain/(Loss)	Gain/(Loss) on Sale of Assets	Interest Income/ (Expense)	Other Income/ (Other Losses)	Commission and Fees/ (Other Expenses)	
31 December 2020							
Structured entity type (USD million)							
Securitisations	27	3	(5)	2	1	1	29
Funds	9	167	(52)	–	–	–	124
Loans	19	(22)	–	18	–	–	15
Other	465	(1)	–	1	75	1	541
Total	520	147	(57)	21	76	2	709

	Income/(Losses)						Total
	Derivative Gain/(Loss)	Other Fair Value Gain/(Loss)	Gain/(Loss) on Sale of Assets	Interest Income/ (Expense)	Other Income/ (Other Losses)	Commission and Fees/ (Other Expenses)	
31 December 2019							
Structured entity type (USD million)							
Securitisations	47	(8)	–	12	–	1	52
Funds	–	230	(47)	–	4	–	187
Loans	26	(17)	–	15	–	–	24
Other	3	(4)	1	2	10	1	13
Total	76	201	(46)	29	14	2	276

The previous table shows the income earned from unconsolidated structured entities during the reporting period. Income from an unconsolidated structured entity includes, but is not limited

to recurring and non-recurring fees, interest and commission received, gains or losses from the transfer of assets and liabilities and changes in the fair value of instruments, including derivatives.

The CSi group considers itself the sponsor of a structured entity when either its name appears in the name of the structured entity or in products issued by it or there is a general expectation from the market that the CSi group is associated with the structured entity or the CSi group was involved in the design or set up of the

structured entity and has a form of involvement with the structured entity.

The following table shows information about the unconsolidated structured entities sponsored by the CSi group where no interest is held by the CSi group.

Sponsored unconsolidated structured entities

						Income/(Losses)	
Structured entity type	Derivative Gain/(Loss)	Gain/(Loss) on Sale of Assets	Other Income/ (Other Losses)	Commission and Fees/ (Other Expenses)	Other Fair Value Gain/(Loss)	Total	Carrying Value of Assets transferred
31 December 2020 (USD million)							
Securitisations	171	(120)	(5)	—	(49)	(3)	2,300
Funds	(3)	—	—	—	—	(3)	—
CDO	—	—	—	—	—	—	—
Conduits	—	(5)	—	6	—	1	—
Loans	—	1	2	—	—	3	50
Other	11	13	(1)	—	—	23	1,465
Total	179	(111)	(4)	6	(49)	21	3,815

Structured entity type	Derivative Gain/(Loss)	Gain/(Loss) on Sale of Assets	Other Income/ (Other Losses)	Income/(Losses)	
				Total	Carrying Value of Assets transferred
31 December 2019 (USD million)					
Securitisations	214	(151)	–	63	2,467
Funds	–	–	–	–	–
CDO	(3)	–	–	(3)	–
Loans	–	1	–	1	39
Other	(2)	14	(1)	11	601
Total	209	(136)	(1)	72	3,107

The previous table shows the income earned from sponsored unconsolidated structured entities during the reporting period and the carrying amount of any assets transferred to those structured entities during the reporting period. Income from an unconsolidated structured entity includes, but is not limited to gains or

losses from the transfer of assets and liabilities and changes in the fair value of derivative instruments.

For some funds, the CSi group is contractually obliged to fund certain minimal operating expenses.

42 Financial Instruments

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

- Analysis of financial instruments by categories;
- Fair value measurement (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);
- Fair value of financial instruments not carried at fair value.

Analysis of financial instruments by categories

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

Financial assets and liabilities by categories

As at 31 December 2020

As at 31 December 2020	Carrying value				Total fair value
Group (USD million)	Total carrying value	Mandatorily at FVTPL	Designated at FVTPL	Amortised cost	
Financial assets (USD million)					
Cash and due from banks	6,225	–	–	6,225	6,225
Interest-bearing deposits with banks	14,486	–	–	14,486	14,486
Securities purchased under resale agreements and securities borrowing transactions	4,559	–	–	4,559	4,559
Trading financial assets mandatorily at fair value through profit or loss	188,620	188,620	–	–	188,620
Non-trading financial assets mandatorily at fair value through profit or loss	25,516	25,516	–	–	25,516
Loans and advances	2,867	–	–	2,867	2,861
Other assets	44,566	33	–	44,533	44,566
Assets held for sale	1,934	1,866	–	68	1,934
Total financial assets	288,773	216,035	–	72,738	288,767
Financial liabilities (USD million)					
Due to banks ¹	433	–	–	433	433
Securities sold under repurchase agreements and securities lending transactions	4,783	–	–	4,783	4,783
Trading financial liabilities mandatorily at fair value through profit or loss	164,364	164,364	–	–	164,364
Financial liabilities designated at fair value through profit or loss	29,788	–	29,788	–	29,788
Borrowings	2,436	–	–	2,436	2,436
Other liabilities	32,418	–	–	32,418	32,418
Debt in issuance	31,597	–	–	31,597	31,689
Liabilities held for sale	707	519	–	188	707
Total financial liabilities	266,526	164,883	29,788	71,855	266,618

¹ Deposits are renamed as 'Due to banks' to better describe the nature of items under the heading.

Financial assets and liabilities by categories

As at 31 December 2020

As at 31 December 2020	Carrying value				Total fair value
	Total carrying value	Mandatorily at FVTPL	Designated at fair value	Amortised cost	
Bank (USD million)					
Financial assets (USD million)					
Cash and due from banks	6,194	–	–	6,194	6,194
Interest-bearing deposits with banks	14,486	–	–	14,486	14,486
Securities purchased under resale agreements and securities borrowing transactions	4,559	–	–	4,559	4,559
Trading financial assets mandatorily at fair value through profit or loss	188,460	188,460	–	–	188,460
Non-trading financial assets mandatorily at fair value through profit or loss	25,624	25,624	–	–	25,624
Loans and advances	2,867	–	–	2,867	2,861
Other assets	44,566	33	–	44,533	44,566
Assets held for Sale	1,934	1,866	–	68	1,934
Total financial assets	288,690	215,983	–	72,707	288,684
Financial liabilities (USD million)					
Due to banks ¹	433	–	–	433	433
Securities sold under repurchase agreements and securities lending transactions	4,783	–	–	4,783	4,783
Trading financial liabilities mandatorily at fair value through profit or loss	164,361	164,361	–	–	164,361
Financial liabilities designated at fair value through profit or loss	29,630	–	29,630	–	29,630
Borrowings	2,436	–	–	2,436	2,436
Other liabilities	32,418	–	–	32,418	32,418
Debt in issuance	31,661	–	–	31,661	31,753
Liabilities held for sale	707	519	–	188	707
Total financial liabilities	266,429	164,880	29,630	71,919	266,521

¹ Deposits are renamed as 'Due to banks' to better describe the nature of items under the heading.

Financial assets and liabilities by categories

As at 31 December 2019

As at 31 December 2019	Carrying value				Total fair value
Group (USD million)	Total carrying value	Mandatorily at FVTPL	Designated at fair value	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 ¹	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 ²	2,824	–	–	2,824	2,823
Other assets ¹	33,223	11	–	33,212	33,223
Assets held for sale ³	495	345	–	150	495
Total financial assets	224,645	165,671	–	58,974	224,644
Financial liabilities (USD million)					
Due to banks ⁴	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 ¹	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 ¹	22,596	2	–	22,594	22,596
Debt in issuance ²	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 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.

² 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 716 million was excluded from 'Loans and advances' and 'Debt in issuance' respectively.

³ Assets held for sale does not include USD 36 million Premises and equipment as it is out of scope of the Financial instruments disclosure.

⁴ Deposits are renamed as 'Due to banks' to better describe the nature of items under the heading.

Financial assets and liabilities by categories

As at 31 December 2019

	Carrying value				Total fair value
Bank (USD million)	Total carrying value	Mandatorily at FVTPL	Designated at fair value	Amortised cost	
Financial assets (USD million)					
Cash and due from banks	4,408	–	–	4,408	4,408
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 ¹	142,627	142,627	–	–	142,627
Non-trading financial assets mandatorily at fair value through profit or loss ¹	22,344	22,344	–	–	22,344
Loans and advances ²	2,824	–	–	2,824	2,823
Other assets ¹	33,223	11	–	33,212	33,223
Assets held for Sale ³	495	345	–	150	495
Total financial assets	224,271	165,327	–	58,944	224,270
Financial liabilities (USD million)					
Due to banks ⁴	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 ¹	126,632	126,632	–	–	126,632
Financial liabilities designated at fair value through profit or loss	20,993	–	20,993	–	20,993
Borrowings	14,116	–	–	14,116	14,116
Other liabilities ¹	22,596	2	–	22,594	22,596
Debt in issuance ²	13,937	–	–	13,937	13,879
Liabilities held for sale	431	237	92	102	431
Total financial liabilities	202,295	126,871	21,085	54,339	202,237

¹ 2019 numbers have been restated to disclose the impact of prior period adjustments. Details are included in Note 2- Significant Accounting Policies.

² 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 716 million was excluded from 'Loans and advances' and 'Debt in issuance' respectively.

³ Assets held for sale does not include USD 36 million Premises and equipment as it is out of scope of the Financial instruments disclosure.

⁴ Deposits are renamed as 'Due to banks' to better describe the nature of items under the heading.

Fair value measurement

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

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

In addition, the CSi group holds financial instruments for which no prices are available and which have little or no observable inputs. Further deterioration of financial markets could significantly impact the value of these financial instruments and the results of operations. For these instruments, the determination of

fair value requires subjective assessment and varying degrees of judgement, depending on liquidity, concentration, pricing assumptions, the current economic and competitive environment and the risks affecting the specific instrument. In such circumstances, valuation is determined based on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. These instruments include certain OTC derivatives, including equity and credit derivatives, certain corporate equity-linked securities, mortgage-related and CDO securities, private equity investments, certain loans and credit products, including leveraged finance, certain syndicated loans and certain high yield bonds. The fair value measurement disclosures exclude derivative transactions that are daily settled.

The fair value of financial assets and liabilities is impacted by factors such as benchmark interest rates, prices of financial instruments issued by third parties, commodity prices, foreign exchange rates and index prices or rates. In addition, valuation adjustments are an integral part of the valuation process when market prices are not indicative of the credit quality of a counterparty, and are applied to both OTC derivatives and debt

instruments. The impact of changes in a counterparty's credit spreads (known as credit valuation adjustments) is considered when measuring the fair value of assets and the impact of changes in the CSi group's own credit spreads (known as debit valuation adjustments) is considered when measuring the fair value of its liabilities. For OTC derivatives, the impact of changes in both the CSi group's and the counterparty's credit standing is considered when measuring their fair value, based on current CDS prices. The adjustments also take into account contractual factors designed to reduce the CSi group's credit exposure to counterparty, such as collateral held and master netting agreements. For hybrid debt instruments with embedded derivative features, the impact of changes in the CSi group's credit standing is considered when measuring their fair value, based on current funded debt spreads.

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

Fair value hierarchy

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

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

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

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

As at 31 December 2020 (Group)	Level 1	Level 2	Level 3	Impact of netting ¹	Total at fair value
Assets (USD million)					
Debt securities	9,425	7,408	776	–	17,609
of which UK government	5,741	–	–	–	5,741
of which foreign governments	3,328	375	–	–	3,703
of which corporates	356	6,885	768	–	8,009
of which residential mortgage backed securities	–	148	8	–	156
Equity securities	11,471	2,078	399	–	13,948
Derivatives	7,495	170,445	1,634	(23,419)	156,155
of which interest rate products	511	106,289	258	(12,609)	94,449
of which foreign exchange products	44	19,036	200	–	19,280
of which equity/index-related products	6,859	37,308	551	(10,799)	33,919
of which credit derivatives	–	7,438	625	–	8,063
of which other derivative products	81	374	–	(11)	444
Other	–	712	196	–	908
Trading financial assets mandatorily at fair value through profit or loss	28,391	180,643	3,005	(23,419)	188,620
Securities purchased under resale agreements and securities borrowing transactions	–	20,955	–	(73)	20,882
Loans	–	1,142	237	–	1,379
of which commercial and industrial loans	–	596	190	–	786
of which loans to financial institutions	–	546	14	–	560
of which government and public institutions	–	–	33	–	33
Other non-trading financial assets mandatorily at fair value through profit or loss	697	2,515	43	–	3,255
of which failed purchases	697	2,494	12	–	3,203
of which other	–	21	31	–	52
Non-trading financial assets mandatorily at fair value through profit or loss	697	24,612	280	(73)	25,516
Debt securities	–	32	–	–	32
of which foreign governments	–	19	–	–	19
of which corporates	–	13	–	–	13
Equity securities	47	–	–	–	47
Derivatives	–	1,747	35	–	1,782
of which interest rate products	–	787	33	–	820
of which foreign exchange products	–	300	–	–	300
of which equity/index-related products	–	658	1	–	659
of which credit derivatives	–	2	1	–	3
Trading financial assets at fair value through profit or loss	47	1,779	35	–	1,861
Loans	–	5	–	–	5
of which commercial and industrial loans	–	5	–	–	5
Assets held for sale	47	1,784	35	–	1,866
Total assets at fair value	29,135	207,039	3,320	(23,492)	216,002

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 33 million is included in 'Other assets'. 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 2020 (Group)	Level 1	Level 2	Level 3	Impact of netting ¹	Total at fair value
Liabilities (USD million)					
Debt securities	380	866	–	–	1,246
of which UK government	357	–	–	–	357
of which foreign governments	15	473	–	–	488
of which corporates	8	393	–	–	401
Equity securities	9,586	11	–	–	9,597
Derivatives	8,710	162,893	2,235	(20,317)	153,521
of which interest rate products	685	99,641	168	(9,263)	91,231
of which foreign exchange products	46	22,169	140	–	22,355
of which equity/index-related products	7,969	32,909	1,167	(11,045)	31,000
of which credit derivatives	–	7,650	760	–	8,410
of which other derivative products	10	524	–	(9)	525
Trading financial liabilities mandatorily at fair value through profit or loss	18,676	163,770	2,235	(20,317)	164,364
Securities sold under resale agreements and securities borrowing transactions	–	14,999	–	(73)	14,926
Borrowings	–	2,613	439	–	3,052
Debt in issuance	–	8,408	1,735	–	10,143
of which structured notes between one and two years	–	2,429	263	–	2,692
of which other debt instruments between one and two years	–	240	–	–	240
of which treasury debt over two years	–	–	20	–	20
of which structured notes over two years	–	1,842	1,322	–	3,164
of which other debt instruments over two years	–	3,739	130	–	3,869
of which non-recourse liabilities	–	158	–	–	158
Other financial liabilities designated at fair value through profit or loss	61	1,400	206	–	1,667
of which failed sales	46	1,392	167	–	1,605
of which other	15	8	39	–	62
Financial liabilities designated at fair value through profit or loss	61	27,420	2,380	(73)	29,788
Equity securities	39	–	–	–	39
Derivatives	–	474	6	–	480
of which interest rate products	–	335	–	–	335
of which foreign exchange products	–	123	–	–	123
of which equity/index-related products	–	2	6	–	8
of which credit derivatives	–	14	–	–	14
Trading financial liabilities at fair value through profit or loss	39	474	6	–	519
Liabilities held for sale	39	474	6	–	519
Total liabilities at fair value	18,776	191,664	4,621	(20,390)	194,671
Net assets/(liabilities) at fair value	10,359	15,375	(1,301)	(3,102)	21,331

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

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

As at 31 December 2020 (Bank)	Level 1	Level 2	Level 3	Impact of netting ¹	Total at fair value
Assets (USD million)					
Debt securities	9,425	7,282	776	–	17,483
of which UK government	5,741	–	–	–	5,741
of which foreign governments	3,328	375	–	–	3,703
of which corporates	356	6,759	768	–	7,883
of which residential mortgage backed securities	–	148	8	–	156
Equity securities	11,470	2,044	399	–	13,913
Derivatives	7,494	170,447	1,634	(23,419)	156,156
of which interest rate products	510	106,291	258	(12,610)	94,449
of which foreign exchange products	44	19,036	200	–	19,280
of which equity/index-related products	6,859	37,308	551	(10,798)	33,920
of which credit derivatives	–	7,438	625	–	8,063
of which other derivative products	81	374	–	(11)	444
Other	–	712	196	–	908
Trading financial assets mandatorily at fair value through profit or loss	28,389	180,485	3,005	(23,419)	188,460
Securities purchased under resale agreements and securities borrowing transactions	–	20,955	–	(73)	20,882
Loans	–	1,142	345	–	1,487
of which commercial and industrial loans	–	596	190	–	786
of which loans to financial institutions	–	546	122	–	668
of which government and public institutions	–	–	33	–	33
Other non-trading financial assets mandatorily at fair value through profit or loss	697	2,515	43	–	3,255
of which failed purchases	697	2,494	12	–	3,203
of which other	–	21	31	–	52
Non-trading financial assets mandatorily at fair value through profit or loss	697	24,612	388	(73)	25,624
					–
Debt securities	–	32	–	–	32
of which foreign governments	–	19	–	–	19
of which corporates	–	13	–	–	13
Equity securities	47	–	–	–	47
Derivatives	–	1,747	35	–	1,782
of which interest rate products	–	787	33	–	820
of which foreign exchange products	–	300	–	–	300
of which equity/index-related products	–	658	1	–	659
of which credit derivatives	–	2	1	–	3
Trading financial assets at fair value through profit or loss	47	1,779	35	–	1,861
Securities purchased under resale agreements and securities borrowing transactions	–	–	–	–	–
Loans	–	5	–	–	5
of which commercial and industrial loans	–	5	–	–	5
of which loans to financial institutions	–	–	–	–	–
Non-trading financial assets mandatorily at fair value through profit or loss	–	5	–	–	5
Assets held for sale	47	1,784	35	–	1,866
Total assets at fair value	29,133	206,881	3,428	(23,492)	215,950

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 33 million is included in 'Other assets'. These are level 2 instruments.

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

As at 31 December 2020 (Bank)	Level 1	Level 2	Level 3	Impact of netting ¹	Total at fair value
Liabilities (USD million)					
Debt securities	380	862	–	–	1,242
of which UK government	357	–	–	–	357
of which foreign governments	15	473	–	–	488
of which corporates	8	389	–	–	397
Equity securities	9,586	11	–	–	9,597
Derivatives	8,710	162,894	2,235	(20,317)	153,522
of which interest rate products	685	99,641	168	(9,263)	91,231
of which foreign exchange products	46	22,169	140	–	22,355
of which equity/index-related products	7,969	32,908	1,167	(11,045)	30,999
of which credit derivatives	–	7,652	760	–	8,412
of which other derivative products	10	524	–	(9)	525
Trading financial liabilities mandatorily at fair value through profit or loss	18,676	163,767	2,235	(20,317)	164,361
Securities sold under resale agreements and securities borrowing transactions	–	14,999	–	(73)	14,926
Borrowings	–	2,613	439	–	3,052
Debt in issuance	–	8,250	1,735	–	9,985
of which structured notes between one and two years	–	2,429	263	–	2,692
of which other debt instruments between one and two years	–	240	–	–	240
of which treasury debt over two years	–	–	20	–	20
of which structured notes over two years	–	1,842	1,322	–	3,164
of which other debt instruments over two years	–	3,739	130	–	3,869
Other financial liabilities designated at fair value through profit or loss	61	1,400	206	–	1,667
of which failed sales	46	1,392	167	–	1,605
of which other	15	8	39	–	62
Financial liabilities designated at fair value through profit or loss	61	27,262	2,380	(73)	29,630
Equity securities	39	–	–	–	39
Derivatives	–	474	6	–	480
of which interest rate products	–	335	–	–	335
of which foreign exchange products	–	123	–	–	123
of which equity/index-related products	–	2	6	–	8
of which credit derivatives	–	14	–	–	14
Trading financial liabilities at fair value through profit or loss	39	474	6	–	519
Debt in issuance	–	–	–	–	–
Liabilities held for sale	39	474	6	–	519
Total liabilities at fair value	18,776	191,503	4,621	(20,390)	194,510
Net assets/liabilities at fair value	10,357	15,378	(1,193)	(3,102)	21,440

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

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

As at 31 December 2019 (Group)	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	120,725³
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 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.

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

As at 31 December 2019 (Group)	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	122,811³
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
Other securities					
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 over 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.

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

As at 31 December 2019 (Bank)	Level 1	Level 2	Level 3	Impact of netting ¹	Total at fair value
Assets (USD million)					
Debt securities	8,117	4,431	1,201	–	13,749
of which UK government	5,008	–	–	–	5,008
of which foreign governments	3,028	546	31	–	3,605
of which corporates	81	3,719	1,170	–	4,970
of which residential mortgage backed securities	–	166	–	–	166
of which commercial mortgage backed securities	–	–	–	–	–
Equity securities	4,527	2,142	582	–	7,251
Derivatives	15,012³	117,351	1,947	(13,584)³	120,726³
of which interest rate products	12,201 ³	82,470	211	(13,503)	81,382
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	27,656	124,571	3,984	(13,584)	142,627
Securities purchased under resale agreements and securities borrowing transactions	–	20,210	–	(330)	19,880
Loans	–	793	611⁴	–	1,404⁴
of which commercial and industrial loans	–	217	421	–	638
of which loans to financial institutions	–	461	187 ⁴	–	648 ⁴
of which government and public institutions	–	59	3	–	62
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	637	(330)	22,344
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
Securities purchased under resale agreements and securities borrowing transactions	–	–	–	–	–
Loans	–	77	22	–	99
of which commercial and industrial loans	–	42	22	–	64
of which loans to financial institutions	–	35	–	–	35
Non-trading financial assets mandatorily at fair value through profit or loss	–	77	22	–	99
Assets held for sale	7	316	22	–	345
Total assets at fair value	27,663	146,924	4,643	(13,914)	165,316

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 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.

⁴ 2019 numbers have been restated to disclose the impact of prior period adjustments. Details are 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 (Bank)	Level 1	Level 2	Level 3	Impact of netting ¹	Total at fair value
Liabilities (USD million)					
Debt securities	399	152	–	–	551
of which UK government	362	–	–	–	362
of which foreign governments	37	65	–	–	102
of which corporates	–	87	–	–	87
Equity securities	3,269	–	–	–	3,269
Derivatives	15,276³	117,983	2,753	(13,200)³	122,812³
of which interest rate products	12,172 ³	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	4,933	660	(60)	5,656
of which other derivative products	199	317	–	(8)	508
Trading financial liabilities mandatorily at fair value through profit or loss	18,944	118,135	2,753	(13,200)	126,632
Securities sold under resale agreements and securities borrowing transactions	–	9,938	–	(330)	9,608
Borrowings	–	2,234	617	–	2,851
Debt in issuance	–	6,031	1,909	–	7,940
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
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	–	18,631	2,692	(330)	20,993
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 over two years	–	67	25	–	92
Liabilities held for sale	4	300	25	–	329
Total liabilities at fair value	18,948	137,066	5,470	(13,530)	147,954
Net assets/(liabilities) at fair value	8,715	9,858	(827)	(384)	17,362

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

USD million	2020		2019	
	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	47	4,915	89	2,697
Total transfers in assets at fair value	47	4,915	89	2,697
Liabilities				
Trading financial liabilities mandatorily at fair value through profit or loss	–	4,153	3	3,070
Total transfers in liabilities at fair value	–	4,153	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 debt and equity securities where the liquidity had decreased and subsequently lacked pricing transparency. All transfers were reported at the end of the reporting period.

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

Movements of Level 3 instruments

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

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

Group	Balance as at 1 January 2020	Transfers in	Transfers out	Purchases	Sales	Issuances	Settlements	Trading revenues		Balance as at 31 December 2020
								On transfers in/out ¹	On all other	
Assets at fair value (USD million)										
Debt securities	1,202	158	(858)	1,818	(1,760)	–	–	25	191	776
of which foreign governments	31	3	(2)	12	(40)	–	–	–	(4)	–
of which corporates	1,171	140	(856)	1,806	(1,720)	–	–	25	202	768
of which residential mortgage-backed securities	–	15	–	–	–	–	–	–	(7)	8
Equity securities	596	1	–	19	(220)	–	–	–	3	399
Derivatives	1,922	1,121	(1,999)	–	(22)	2,236	(2,567)	(168)	1,111	1,634
of which interest rate products	186	21	(66)	–	(22)	142	(61)	(16)	74	258
of which foreign exchange products	181	18	(105)	–	–	71	(31)	24	42	200
of which equity/index-related products	1,003	332	(1,245)	–	–	1,312	(1,347)	(265)	761	551
of which credit derivatives	552	750	(583)	–	–	711	(1,128)	89	234	625
Other	254	92	(198)	204	(331)	221	(82)	71	(35)	196
Trading financial assets mandatorily at fair value through profit or loss	3,974	1,372	(3,055)	2,041	(2,333)	2,457	(2,649)	(72)	1,270	3,005
Loans	561	223	(148)	–	(224)	217	(265)	(10)	(117)	237
of which commercial and industrial loans	421	153	(148)	–	(223)	202	(188)	(10)	(17)	190
of which loans to financial institutions	137	32	–	–	(1)	11	(70)	–	(95)	14
of which government and public institutions	3	38	–	–	–	4	(7)	–	(5)	33
Other non-trading financial assets mandatorily at fair value through profit or loss	26	2	(4)	4	(25)	1	–	1	38	43
of which failed purchases	–	–	–	2	–	–	–	–	10	12
of which other	26	2	(4)	2	(25)	1	–	1	28	31
Non-trading financial assets mandatorily at fair value through profit or loss	587	225	(152)	4	(249)	218	(265)	(9)	(79)	280
Derivatives	25	5	(1)	–	–	–	(3)	(1)	10	35
of which interest rate products	25	3	–	–	–	–	(3)	(1)	9	33
of which equity/index-related products	–	1	(1)	–	–	–	–	–	1	1
of which credit derivatives	–	1	–	–	–	–	–	–	–	1
Trading financial assets at fair value through profit or loss	25	5	(1)	–	–	–	(3)	(1)	10	35
Loans	22	–	–	–	(22)	–	–	–	–	–
of which commercial and industrial loans	22	–	–	–	(22)	–	–	–	–	–
Assets held for sale	47	5	(1)	–	(22)	–	(3)	(1)	10	35
Total assets at fair value	4,608	1,602	(3,208)	2,045	(2,604)	2,675	(2,917)	(82)	1,201	3,320

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

Group	Balance as at 1 January 2020	Transfers in	Transfers out	Purchases	Sales	Issuances	Settlements	Trading revenues		Balance as at 31 December 2020
								On transfers in/out ¹	On all other	
Liabilities at fair value (USD million)										
Derivatives	2,743	870	(1,682)	–	(28)	1,343	(2,059)	476	572	2,235
of which interest rate products	154	4	(16)	–	(28)	27	(35)	(4)	66	168
of which foreign exchange products	110	4	(46)	–	–	11	(43)	16	88	140
of which equity/index-related products	1,819	192	(1,029)	–	–	502	(905)	358	230	1,167
of which credit derivatives	660	670	(591)	–	–	803	(1,076)	106	188	760
Trading financial liabilities mandatorily at fair value through profit or loss	2,743	870	(1,682)	–	(28)	1,343	(2,059)	476	572	2,235
Borrowings	617	1	(98)	–	–	655	(721)	2	(17)	439
Debt in issuance	1,926	138	(509)	–	–	875	(593)	30	(132)	1,735
of which structured notes between one and two years	239	53	(201)	–	–	343	(153)	4	(22)	263
of which treasury debt over two years	–	24	–	–	–	–	(5)	–	1	20
of which structured notes over two years	1,545	38	(250)	–	–	518	(418)	28	(139)	1,322
of which other debt instruments over two years	125	23	(58)	–	–	14	–	(2)	28	130
of which non-recourse liabilities	17	–	–	–	–	–	(17)	–	–	–
Other financial liabilities designated at fair value through profit or loss	166	73	(144)	–	124	15	(29)	(11)	12	206
of which failed sales	135	55	(108)	–	158	–	(29)	(4)	(40)	167
of which others	31	18	(36)	–	(34)	15	–	(7)	52	39
Financial liabilities designated at fair value through profit or loss	2,709	212	(751)	–	124	1,545	(1,343)	21	(137)	2,380
Derivatives	10	–	–	–	–	–	–	–	(4)	6
of which equity/index-related products	10	–	–	–	–	–	–	–	(4)	6
Trading financial liabilities at fair value through profit or loss	10	–	–	–	–	–	–	–	(4)	6
Debt in issuance	25	–	–	–	–	–	(25)	–	–	–
of which other debt instruments over two years	25	–	–	–	–	–	(25)	–	–	–
Liabilities held for sale	35	–	–	–	–	–	(25)	–	(4)	6
Total liabilities at fair value	5,487	1,082	(2,433)	–	96	2,888	(3,427)	497	431	4,621
Net assets/liabilities at fair value	(879)	520	(775)	2,045	(2,700)	(213)	510	(579)	770	(1,301)

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

Bank	Balance as at 1 January 2020	Transfers in	Transfers out	Purchases	Sales	Issuances	Settlements	Trading revenues		Balance as at 31 December 2020
								On transfers in/out ¹	On all other	
Assets at fair value (USD million)										
Debt securities	1,201	158	(858)	1,818	(1,759)	–	–	25	191	776
of which foreign governments	31	3	(2)	12	(40)	–	–	–	(4)	–
of which corporates	1,170	140	(856)	1,806	(1,719)	–	–	25	202	768
of which Residential Mortgage-Backed Securities	–	15	–	–	–	–	–	–	(7)	8
Equity securities	582	1	–	19	(206)	–	–	–	3	399
Derivatives	1,922	1,121	(1,999)	–	(22)	2,236	(2,567)	(168)	1,111	1,634
of which interest rate products	186	21	(66)	–	(22)	142	(61)	(16)	74	258
of which foreign exchange products	181	18	(105)	–	–	71	(31)	24	42	200
of which equity/index-related products	1,003	332	(1,245)	–	–	1,312	(1,347)	(265)	761	551
of which credit derivatives	552	750	(583)	–	–	711	(1,128)	89	234	625
Other	254	92	(198)	203	(330)	221	(82)	70	(34)	196
Trading financial assets mandatorily at fair value through profit or loss	3,959	1,372	(3,055)	2,040	(2,317)	2,457	(2,649)	(73)	1,271	3,005
Loans	611	222	(148)	–	(224)	217	(208)	(10)	(115)	345
of which commercial and industrial loans	421	153	(148)	–	(223)	202	(188)	(10)	(17)	190
of which loans to financial institutions	187	31	–	–	(1)	11	(13)	–	(93)	122
of which government and public institutions	3	38	–	–	–	4	(7)	–	(5)	33
Other non-trading financial assets mandatorily at fair value through profit or loss	26	2	(4)	4	(24)	1	–	30	8	43
of which failed purchases	–	–	–	2	–	–	–	–	10	12
of which other	26	2	(4)	2	(24)	1	–	30	(2)	31
Non-trading financial assets mandatorily at fair value through profit or loss	637	224	(152)	4	(248)	218	(208)	20	(107)	388
Derivatives	25	5	(1)	–	–	–	(3)	(1)	10	35
of which interest rate products	25	3	–	–	–	–	(3)	(1)	9	33
of which equity/index-related products	–	1	(1)	–	–	–	–	–	1	1
of which credit derivatives	–	1	–	–	–	–	–	–	–	1
Trading financial assets at fair value through profit or loss	25	5	(1)	–	–	–	(3)	(1)	10	35
Loans	22	–	–	–	(22)	–	–	–	–	–
of which commercial and industrial loans	22	–	–	–	(22)	–	–	–	–	–
Assets held for sale	47	5	(1)	–	(22)	–	(3)	(1)	10	35
Total assets at fair value	4,643	1,601	(3,208)	2,044	(2,587)	2,675	(2,860)	(54)	1,174	3,428

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

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

Bank	Balance as at 1 January 2020	Transfers in	Transfers out	Purchases	Sales	Issuances	Settlements	Trading revenues		Balance as at 31 December 2020
								On transfers in/out ¹	On all other	
Liabilities at fair value (USD million)										
Derivatives	2,743	870	(1,682)	–	(28)	1,343	(2,059)	476	572	2,235
of which interest rate products	154	4	(16)	–	(28)	27	(35)	(4)	66	168
of which foreign exchange products	110	4	(46)	–	–	11	(43)	16	88	140
of which equity/index-related products	1,819	192	(1,029)	–	–	502	(905)	358	230	1,167
of which credit derivatives	660	670	(591)	–	–	803	(1,076)	106	188	760
Trading financial liabilities mandatorily at fair value through profit or loss	2,743	870	(1,682)	–	(28)	1,343	(2,059)	476	572	2,235
Borrowings	617	1	(98)	–	–	655	(721)	2	(17)	439
Debt in issuance	1,909	138	(509)	–	–	875	(576)	30	(132)	1,735
of which structured notes between one and two years	239	53	(201)	–	–	343	(153)	4	(22)	263
of which treasury debt over two years	–	24	–	–	–	–	(5)	–	1	20
of which structured notes over two years	1,545	38	(250)	–	–	518	(418)	28	(139)	1,322
of which other debt instruments over two years	125	23	(58)	–	–	14	–	(2)	28	130
Other financial liabilities designated at fair value through profit or loss	166	73	(144)	–	124	15	(29)	(11)	12	206
of which failed sales	135	55	(108)	–	158	–	(29)	(4)	(40)	167
of which others	31	18	(36)	–	(34)	15	–	(7)	52	39
Financial liabilities designated at fair value through profit or loss	2,692	212	(751)	–	124	1,545	(1,326)	21	(137)	2,380
Derivatives	10	–	–	–	–	–	–	–	(4)	6
of which equity/index-related products	10	–	–	–	–	–	–	–	(4)	6
Trading financial liabilities at fair value through profit or loss	10	–	–	–	–	–	–	–	(4)	6
Debt in issuance	25	–	–	–	–	–	(25)	–	–	–
of which other debt instruments over two years	25	–	–	–	–	–	(25)	–	–	–
Liabilities held for sale	35	–	–	–	–	–	(25)	–	(4)	6
Total liabilities at fair value	5,470	1,082	(2,433)	–	96	2,888	(3,410)	497	431	4,621
Net assets/liabilities at fair value	(827)	519	(775)	2,044	(2,683)	(213)	550	(551)	743	(1,193)

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

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

Group	Balance as at 1 January 2019	Transfers in	Transfers out	Purchases	Sales	Issuances	Settlements	Trading revenues		Balance as at 31 December 2019
								On transfers in/out ¹	On all other	
Assets at fair value (USD million)										
Debt securities	1,154	327	(452)	1,588	(1,537)	–	–	9	113	1,202
of which foreign governments	49	31	(44)	39	(48)	–	–	3	1	31
of which corporates	1,090	296	(404)	1,549	(1,479)	–	–	6	113	1,171
of which commercial mortgage backed securities	12	–	(4)	–	(9)	–	–	–	1	–
of which residential mortgage-backed securities	3	–	–	–	(1)	–	–	–	(2)	–
Equity securities	611	–	–	113	(155)	–	–	–	27	596
Derivatives	3,047	752	(1,098)	–	–	1,165	(1,590)	(132)	(197)	1,947
of which interest rate products	204	21	–	–	–	27	(56)	3	12	211
of which foreign exchange products	276	70	(86)	–	–	73	(44)	(19)	(89)	181
of which equity/index-related products	2,009	335	(737)	–	–	848	(1,158)	(105)	(189)	1,003
of which credit derivatives	558	326	(275)	–	–	217	(332)	(11)	69	552
Other	249	136	(243)	409	(296)	44	(30)	(10)	(5)	254
Trading financial assets mandatorily at fair value through profit or loss	5,061	1,215	(1,793)	2,110	(1,988)	1,209	(1,620)	(133)	(62)	3,999
Loans	273	239	(69)	256	(88)	64	(63)	(4)	(47)	561
of which commercial and industrial loans	98	239	(69)	202	–	–	(19)	(4)	(26)	421
of which loans to financial institutions	175	–	–	54	(88)	61	(44)	–	(21)	137
of which government and public institutions	–	–	–	–	–	3	–	–	–	3
Other non-trading financial assets mandatorily at fair value through profit or loss	78	11	(54)	1	–	–	–	–	(10)	26
of which failed purchases	51	–	(49)	–	–	–	–	(2)	–	–
of which other	27	11	(5)	1	–	–	–	2	(10)	26
Non-trading financial assets mandatorily at fair value through profit or loss	351	250	(123)	257	(88)	64	(63)	(4)	(57)	587
Loans	–	22	–	–	–	–	–	–	–	22
of which commercial and industrial loans	–	22	–	–	–	–	–	–	–	22
Assets held for sale	–	22	–	–	–	–	–	–	–	22
Total assets at fair value	5,412	1,487	(1,916)	2,367	(2,076)	1,273	(1,683)	(137)	(119)	4,608

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

Group	Balance as at 1 January 2019	Transfers in	Transfers out	Purchases	Sales	Issuances	Settlements	Trading revenues		Balance as at 31 December 2019
								On transfers in/out ¹	On all other	
Liabilities at fair value (USD million)										
Debt securities	–	–	–	–	–	–	–	–	–	–
of which corporates	–	–	–	–	–	–	–	–	–	–
Derivatives	1,919	643	(668)	–	–	738	(1,563)	82	1,602	2,753
of which interest rate products	199	13	(7)	–	–	24	(69)	–	(6)	154
of which foreign exchange products	136	61	(33)	–	–	11	(99)	(19)	53	110
of which equity/index-related products	1,010	275	(333)	–	–	477	(856)	83	1,173	1,829
of which credit derivatives	574	294	(295)	–	–	226	(539)	18	382	660
of which other derivative products	–	–	–	–	–	–	–	–	–	–
Trading financial liabilities mandatorily at fair value through profit or loss	1,919	643	(668)	–	–	738	(1,563)	82	1,602	2,753
Borrowings	460	93	(163)	–	–	918	(158)	3	(536)	617
Debt in issuance	2,277	476	(1,271)	–	–	1,280	(627)	36	(245)	1,926
of which structured notes between one and two years	126	87	(135)	–	–	298	(39)	–	(98)	239
of which structured notes over two years	1,894	360	(556)	–	–	211	(243)	14	(135)	1,545
of which other debt instruments over two years	231	29	(580)	–	–	538	(105)	22	(10)	125
of which non-recourse liabilities	26	–	–	–	–	233	(240)	–	(2)	17
Other financial liabilities designated at fair value through profit or loss	130	96	(32)	61	(69)	4	(1)	(26)	3	166
of which failed sales	99	87	(21)	61	(62)	–	–	(29)	–	135
of which others	31	9	(11)	–	(7)	4	(1)	3	3	31
Financial liabilities designated at fair value through profit or loss	2,867	665	(1,466)	61	(69)	2,202	(786)	13	(778)	2,709
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	4,811	1,308	(2,134)	61	(69)	2,940	(2,349)	95	824	5,487
Net assets/liabilities at fair value	601	179	218	2,306	(2,007)	(1,667)	666	(232)	(943)	(879)

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

Bank	Balance as at 1 January 2019	Transfers in	Transfers out	Purchases	Sales	Issuances	Settlements	Trading revenues		Balance as at 31 December 2019
								On transfers in/out ¹	On all other	
Assets at fair value (USD million)										
Debt securities	1,154	327	(452)	1,588	(1,538)	–	–	9	113	1,201
of which foreign governments	49	31	(44)	39	(48)	–	–	3	1	31
of which corporates	1,090	296	(404)	1,549	(1,480)	–	–	6	113	1,170
of which commercial mortgage backed securities	12	–	(4)	–	(9)	–	–	–	1	–
of which Residential Mortgage-Backed Securities	3	–	–	–	(1)	–	–	–	(2)	–
Equity securities	569	–	–	97	(111)	–	–	–	27	582
Derivatives	3,047	752	(1,098)	–	–	1,165	(1,590)	(132)	(197)	1,947
of which interest rate products	204	21	–	–	–	27	(56)	3	12	211
of which foreign exchange products	276	70	(86)	–	–	73	(44)	(19)	(89)	181
of which equity/index-related products	2,009	335	(737)	–	–	848	(1,158)	(105)	(189)	1,003
of which credit derivatives	558	326	(275)	–	–	217	(332)	(11)	69	552
of which other derivative products	–	–	–	–	–	–	–	–	–	–
Other	249	136	(243)	409	(296)	44	(30)	(10)	(5)	254
Trading financial assets mandatorily at fair value through profit or loss	5,019	1,215	(1,793)	2,094	(1,945)	1,209	(1,620)	(133)	(62)	3,984
Loans	261 ²	239	(69)	256	(17)	64	(63)	(4)	(56) ²	613 ²
of which commercial and industrial loans	98	239	(69)	202	–	–	(19)	(4)	(26)	421
of which loans to financial institutions	163 ²	–	–	54	(17)	61	(44)	–	(30) ²	187 ²
of which government and public institutions	–	–	–	–	–	3	–	–	–	3
Other non-trading financial assets mandatorily at fair value through profit or loss	78	11	(54)	1	–	–	–	1	(11)	26
of which failed purchases	51	–	(49)	–	–	–	–	(2)	–	–
of which other	27	11	(5)	1	–	–	–	3	(11)	26
Non-trading financial assets mandatorily at fair value through profit or loss	339	250	(123)	257	(17)	64	(63)	(3)	(67)	639
Loans	–	22	–	–	–	–	–	–	–	22
of which commercial and industrial loans	–	22	–	–	–	–	–	–	–	22
Assets held for sale	–	22	–	–	–	–	–	–	–	22
Total assets at fair value	5,358	1,487	(1,916)	2,351	(1,962)	1,273	(1,683)	(136)	(129)	4,645

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 2019 numbers have been restated to disclose the impact of prior period adjustments. Details are included in Note 2- Significant Accounting Policies.

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

Bank	Balance as at 1 January 2019	Transfers in	Transfers out	Purchases	Sales	Issuances	Settlements	Trading revenues		Balance as at 31 December 2019
								On transfers in/out ¹	On all other	
Liabilities at fair value (USD million)										
Debt securities	–	–	–	–	–	–	–	–	–	–
of which corporates	–	–	–	–	–	–	–	–	–	–
Derivatives	1,919	643	(668)	–	–	737	(1,564)	84	1,602	2,753
of which interest rate products	199	13	(7)	–	–	25	(70)	–	(6)	154
of which foreign exchange products	136	61	(33)	–	–	12	(100)	(19)	53	110
of which equity/index-related products	1,010	275	(333)	–	–	475	(856)	85	1,173	1,829
of which credit derivatives	574	294	(295)	–	–	225	(538)	18	382	660
Trading financial liabilities mandatorily at fair value through profit or loss	1,919	643	(668)	–	–	737	(1,564)	84	1,602	2,753
Borrowings	460	93	(163)	–	–	918	(158)	3	(536)	617
Debt in issuance	2,251	476	(1,271)	–	–	1,047	(387)	36	(243)	1,909
of which structured notes between one and two years	126	87	(135)	–	–	298	(39)	–	(98)	239
of which structured notes over two years	1,894	360	(556)	–	–	211	(243)	14	(135)	1,545
of which other debt instruments over two years	231	29	(580)	–	–	538	(105)	22	(10)	125
Other financial liabilities designated at fair value through profit or loss	130	96	(32)	61	(68)	4	(1)	(27)	3	166
of which failed sales	99	87	(21)	61	(61)	–	–	(30)	–	135
of which others	31	9	(11)	–	(7)	4	(1)	3	3	31
Financial liabilities designated at fair value through profit or loss	2,841	665	(1,466)	61	(68)	1,969	(546)	12	(776)	2,692
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	4,785	1,308	(2,134)	61	(68)	2,706	(2,110)	96	826	5,470
Net assets/liabilities at fair value	573	179	218	2,290	(1,894)	(1,433)	427	(232)	(955)	(827)

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.

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

Group and Bank	2020	2019
Trading revenues (USD million)		
Net realised/unrealised gains/(losses) included in net revenues	191 ¹	(1,175) ¹
Whereof:		
Trading financial assets mandatorily at fair value through profit or loss	395	390
Non-trading financial assets mandatorily at fair value through profit or loss	(3)	3
Assets held for sale	3	–
Trading financial liabilities mandatorily at fair value through profit or loss	(626)	(1,316)
Financial liabilities designated at fair value through profit or loss	(56)	(148)
Liabilities held for sale	5	–
Total changes in unrealised gains/(losses) relating to assets and liabilities still held as of the reporting date	(282)	(1,071)

¹ Bank gain of USD 192 million (2019: USD 1,187 million. This number has been restated to disclose the impact of fair value adjustment of loans relating to SPEs)

Both observable and unobservable inputs may be used to determine the fair value of positions that have been classified within Level 3. As a result, the unrealised gains and losses from assets and liabilities within Level 3 presented in the previous table

may include changes in fair value that were attributable to both observable and unobservable inputs.

The CSi group employs various economic hedging techniques in order to manage risks, including risks in Level 3 positions. Such

techniques may include the purchase or sale of financial instruments that are classified in Levels 1 and/or 2. The realised and unrealised gains and losses for assets and liabilities in Level 3 presented in the previous table do not reflect the related realised or unrealised gains and losses arising on economic hedging instruments classified in Levels 1 and/or 2.

Transfers in and out of Level 3

Trading financial assets mandatorily at fair value through profit or loss

Trading financial assets transferred into and out of Level 3 as at 31 December 2020 amounted to USD 1,372 million and USD (3,055) million respectively for both CSi group and Bank. For CSi group and Bank transfers into Level 3 mainly comprised USD 1,332 million related to debt securities, equity/ index-related, credit derivatives and others due to limited observability of pricing data and reduced pricing information from external providers. For CSi group and Bank transfers out of Level 3 mainly comprised USD 2,884 million of debt securities, equity/ index-related, credit derivatives and others due to improved observability of pricing data and increased availability of pricing information from external providers.

Trading financial assets transferred into and out of Level 3 as at 31 December 2019 amounted to USD 1,215 million and USD (1,793) million respectively for both CSi group and Bank. For CSi group and Bank transfers into Level 3 mainly comprised USD 1,124 million related to debt securities, equity/ index-related, credit derivatives and others. For CSi group and Bank transfers out of Level 3 mainly comprised USD (1,707) million of debt securities, equity/ index-related, credit derivatives and others.

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 225 million and USD 152 million, respectively for both CSi group and Bank. Transfers into & Transfers out of Level 3 largely comprised of loans due to changes in observability of pricing data and pricing information from external providers.

Non-trading financial assets mandatorily at fair value through profit or loss transferred into and out of Level 3 in 2019 amounted to USD 250 million and USD (123) million, respectively for both CSi group and Bank. Transfers into Level 3 largely comprised of loans. Transfers out of Level 3 related to loans and failed purchases.

Trading financial liabilities mandatorily at fair value through profit or loss

Trading financial liabilities transferred into and out of Level 3 as at 31 December 2020 amounted to USD 870 million and USD (1,682) million, respectively for both CSi group and Bank. USD 670 million and USD 192 million of transfers into Level 3 were related to credit derivatives and equity/index-related products respectively due to limited observability of pricing data and

reduced pricing information from external providers. Transfers out of Level 3 largely comprised of equity/index related derivatives and credit derivatives due to improved observability of pricing data and increased availability of pricing information from external providers.

Trading financial liabilities transferred into and out of Level 3 as at 31 December 2019 amounted to USD 643 million and USD (668) million, respectively for both CSi group and Bank. USD 294 million and USD 275 million of transfers into Level 3 were related to credit derivatives and equity/index-related products respectively. Transfers out of Level 3 largely comprised of equity/ index related derivatives and credit derivatives. There were no Liabilities held for sale transferred into and out of Level 3 in 2019 for both CSi group and Bank.

Financial liabilities designated at fair value through profit or loss

For both CSi group and Bank, financial liabilities designated at fair value through profit or loss transferred into and out of Level 3 as at 31 December 2020 amounted to USD 212 million and USD (751) million respectively. Transfers into Level 3 were in relation to structured notes and failed sales others due to limited observability of pricing data and reduced pricing information from external providers. Transfers out of Level 3 were largely related to structured notes, failed sales and borrowings due to improved observability of pricing data and increased availability of pricing information from external providers.

For both CSi group and bank, financial liabilities designated at fair value through profit or loss transferred into and out of Level 3 as at 31 December 2019 amounted to USD 665 million and USD (1,466) million respectively. Transfers into Level 3 were in relation to structured notes, failed sales and other hybrid instruments. Transfers out of Level 3 were largely related to structured notes and other hybrid instruments.

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 value is derived from market observable inputs are categorised as level 2 instruments, while those where the value is derived from unobservable inputs are categorised as level 3 of the fair value hierarchy. The assessment of significance of Level 3 is based upon the fair value of the instrument as a whole, taking into account quantitative and qualitative factors at the product, risk factor and instrument level.

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

Interest rate derivatives

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

Foreign exchange derivatives

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

Equity and index-related derivatives

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

Credit derivatives

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

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

Other Trading Assets

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

Other 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. These are treated as financing transactions, as opposed to bringing the purchased assets on the balance sheet.

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.

Borrowings and Debt in issuance

The CSi group's borrowings and debt in issuance include structured notes (hybrid financial instruments that are both bifurcable and non-bifurcable), 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. These are treated as financing transactions, as opposed to removing the sold assets from the balance sheet.

Sensitivity of fair value measurements to changes in significant unobservable inputs

For level 3 assets with a significant unobservable input of buyback probability, contingent probability, correlation, price, volatility, mean reversion, mortality and discount rate in general, an increase in the significant unobservable input would increase the fair value. For level 3 assets with a significant unobservable input of capitalisation rate, 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 previously, there are no material interrelationships between the significant unobservable inputs for the financial instruments. As the significant unobservable inputs may move independently, generally an increase or decrease in one significant unobservable input may have no impact on the other significant unobservable inputs.

Quantitative information about level 3 assets and liabilities at fair value

The following tables provide the representative range 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 31 December 2020
Group (USD million except as indicated)

	Fair Value	Valuation technique	Unobservable input	Minimum value	Maximum value	Weighted average
Assets at fair value						
Debt securities	776					
of which corporates	768					
of which	212	Option model	Correlation, in %	(50)	100	56
	31		Credit spread in bp	(9)	80	67
	5		Gap risk, in %	—	2	—
	255		Volatility, in %	—	158	14
of which	54	Discounted cash flow	Credit spread in bp	135	1,509	294
	116	Market comparable	Price in %	—	101	94
Equity securities	399					
	396	Vendor price	Fund NAV, in USD million	1	55	6
Derivatives	1,634					
of which interest rate products	258					
of which	20	Option model	Correlation in %	5	100	53
	6		Mean reversion, in %	(10)	15	(7)
	107		Prepayment rate in %	1	26	8
	87		Volatility skew, in %	93	103	98
	46		FX Volatility, in %	(3)	1	(1)
of which foreign exchange products	200					
of which	117	Option model	Correlation in %	5	95	41
	22		Prepayment rate in %	22	26	24
	2		Volatility in %	7	7	7
of which equity/index-related products	551					
of which	2	Option model	Buyback probability, in %	50	100	66
	177		Correlation, in %	(50)	100	60
	263		Volatility, in %	(2)	158	13
of which credit derivatives	625					
of which	—	Discounted cash flow	Correlation, in %	97	97	97
	330		Credit spread, in bp	1	1,468	171
	—		Default rate, in %	1	7	3
	119		Discount rate, in %	6	19	15
	74		Funding spread, in bps	30	641	356
	—		Loss severity, in %	10	100	69
	51		Recovery rate, in %	—	45	23
of which	—	Option model	Prepayment rate, in %	3	9	7
of which	—	Market comparable	Price, in %	99	116	103
Other	196					
of which trading	20	Discounted cash flow	Credit spread in bp	30	30	30
	120	Market comparable	Price in %	—	106	85
of which loans held-for-sale	56	Market comparable	Price, in %	—	100	87
Loans	237					
of which commercial and industrial loans	190					
	33	Discounted cash flow	Credit spread in bp	549	549	549
	143	Market comparable	Price in %	100	100	100
of which loans to finance institutions	14					
	14	Discounted cash flow	Credit spread in bp	256	442	435
of which government and public institutions	33					
of which —	33	Discounted cash flow	Credit spread in bp	88	88	88

As at 31 December 2020
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	2,235					
of which interest rate products	168					
of which	15	Option model	Correlation, in %	5	100	31
	32		Mean reversion, in %	(10)	15	(1)
	97		Prepayment rate, in %	1	26	6
of which foreign exchange products	140					
of which	30	Discounted cash flow	Contingent probability, in %	95	95	95
	18	Option model	Correlation, in %	35	60	53
	40		Prepayment rate, in %	22	26	24
	8		Volatility, in %	(2)	–	(1)
of which equity/index-related products	1,167					
of which	35	Option model	Buyback probability, in %	50	100	66
	122		Correlation, in %	(50)	100	56
	806		Volatility, in %	3	158	15
of which credit derivatives	760					
of which	–	Discounted cash flow	Correlation, in %	97	97	97
	317		Credit spread, in bp	1	1,468	131
	–		Default rate, in %	–	7	3
	119		Discount rate, in %	6	19	14
	194		Funding spread, in bps	55	641	343
	–		Loss severity, in %	–	100	68
	51		Recovery rate, in %	–	81	31
	–		Volatility, in %			
of which	34	Option model	Credit spread, in bp	9	12	11
	–		Prepayment rate, in %	–	9	7
of which	–	Market comparable	Price, in %	99	116	107
Debt in issuance	1,735					
of which structured notes over two years	1,322					
of which	900	Discounted cash flow	Credit spread, in bp	(9)	16	4
	–		Recovery rate, in %	40	40	40
	–		CS own spread, in bps			
of which	273	Option model	Buyback probability, in %	50	100	66
	91		Correlation, in %	(50)	100	56
	24		Gap risk, in %	–	2	–
	25		Volatility, in %	12	37	30
of which other debt over two years	130					
of which	127	Option model	Buyback probability, in %	50	100	66
	–		Correlation, in %	–	–	–
	3		Gap risk, in %	–	2	–
of which structured notes between one and two years	263					
of which	6	Option model	Buyback probability, in %	50	100	66
	115		Correlation, in %	(50)	100	56
	114		Gap risk, in %	–	4	1
Borrowings	439					
of which	129	Option model	Buyback probability, in %	50	100	66
	176		Correlation, in %	(50)	100	56
	46		Gap risk, in %	–	2	–
Other Financial liabilities designated at fair value	206					
	123	Market comparable	Price in %	–	100	100

As at 31 December 2019
Group (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
	3	Market comparable	Price in %	—	101	97
Equity securities	596					
of which	4	Market comparable	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	100	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 %	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 %	–	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 tables above. The level of aggregation and diversity within the financial instruments disclosed in the tables above result in certain ranges of significant inputs being wide and unevenly distributed across asset and liability categories.

Discount rate

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

Default rate and loss severity

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

Credit spread and recovery rate

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

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

Correlation

There are many different types of correlation inputs, including credit correlation, cross-asset correlation (such as equity-interest rate correlation), and same-asset correlation (such as interest rate-interest rate correlation). Correlation inputs are generally used to value hybrid and exotic instruments. 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 of fair values to reasonably possible alternative assumptions

The fair value of certain financial instruments recognised in the consolidated financial statements is dependent in part or fully

upon unobservable parameters which may include market inputs, prices or other data.

The following table summarises the sensitivity of these financial instruments to reasonable changes in the assumptions underlying these parameters:

Group	As at 31 December 2020		As at 31 December 2019	
	Favourable changes	Unfavourable changes	Favourable changes	Unfavourable changes
Impact on net income/(loss) (USD million)				
Derivative assets and liabilities	300	(338)	233	(275)
Assets-backed securities, loans and derivatives	1	(1)	–	(1)
Debt and equity securities	49	(44)	53	(44)
Loans	25	(19)	21	(17)
Total	375	(402)	307	(337)

Bank	As at 31 December 2020		As at 31 December 2019	
	Favourable changes	Unfavourable changes	Favourable changes	Unfavourable changes
Impact on net income/(loss) (USD million)				
Derivative assets and liabilities	300	(338)	233	(275)
Assets-backed securities, loans and derivatives	1	(1)	–	(1)
Debt and equity securities	49	(44)	53	(44)
Loans	26	(20)	22	(18)
Total	376	(403)	308	(338)

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

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

Asset backed securities, loans and derivatives include CMBS, ABS CDO and balance guaranteed swap positions. CMBS sensitivities are calculated by subjecting the prices of the positions to a 5% movement up and down. ABS CDO positions were subjected to sensitivities to underlying asset prices, as well as recovery

rates on the underlying assets. The underlying asset prices were subjected to a range of downward movements with no movement up. Balance guaranteed swap positions were subjected to sensitivities on prepayment speeds which were estimated based on management's assessment of fast/slow notional bands for movements up and down.

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

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

Recognition of trade date profit

If there are significant unobservable inputs used in the valuation technique, the financial instrument is recognised at the transaction price and any profit or loss implied from the valuation technique at the inception of the transaction is deferred over the period until the fair value becomes observable or over the life of the trade, whichever is shorter. At the inception of the

transaction, a profit or loss is recognised if the fair value of the financial instrument is based on a valuation technique that uses significantly observable inputs or if the fair value is obtained from a quoted market price in an active market.

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

	2020	2019
Deferred trade date profit (USD million)		
Balance at the beginning of period	503	458
Increase due to new trades	253	219
Reduction due to passage of time	(77)	(73)
Reduction due to redemption, sales, transfers or improved observability	(129)	(101)
Balance at the end of period	550	503

Fair Value of financial instruments not recognised at fair value by level of fair value hierarchy

Certain short-term financial instruments are not carried at fair value on the balance sheet, but a fair value has been disclosed in the table "Carrying value and fair value of financial instruments not carried at fair value" below. These instruments include: cash

and due from banks, 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 realization, as well as the minimal credit risk inherent in these instruments.

As at 31 December 2020
Group (USD million)

	Level 1	Level 2	Level 3	Impact of Netting	Fair value
Financial assets					
Cash and due from banks	6,086	139	–	–	6,225
Interest-bearing deposits with banks	–	14,486	–	–	14,486
Securities purchased under resale agreements and securities borrowing transactions	–	4,559	–	–	4,559
Loans and advances	–	360	2,501	–	2,861
Other assets	–	44,533	–	–	44,533
Assets held for sale	–	68	–	–	68
Total fair value of financial assets	6,086	64,145	2,501	–	72,732
Financial liabilities					
Due to banks ¹	–	433	–	–	433
Securities sold under repurchase agreements and securities lending transactions	–	4,783	–	–	4,783
Borrowings	–	2,436	–	–	2,436
Debt in issuance	–	31,689	–	–	31,689
Other financial liabilities	–	32,418	–	–	32,418
Liabilities held for sale	–	188	–	–	188
Total fair value of financial liabilities	–	71,947	–	–	71,947

¹ Deposits are renamed as 'Due to banks' to better describe the nature of items under the heading.

As at 31 December 2020
Bank (USD million)

	Level 1	Level 2	Level 3	Impact of Netting	Fair value
Financial assets					
Cash and due from banks	6,055	139	–	–	6,194
Interest-bearing deposits with banks	–	14,486	–	–	14,486
Securities purchased under resale agreements and securities borrowing transactions	–	4,559	–	–	4,559
Loans and advances	–	360	2,501	–	2,861
Other assets	–	44,533	–	–	44,533
Assets held for sale	–	68	–	–	68
Total fair value of financial assets	6,055	64,145	2,501	–	72,701
Financial liabilities					
Due to banks ¹	–	433	–	–	433
Securities sold under repurchase agreements and securities lending transactions	–	4,783	–	–	4,783
Borrowings	–	2,436	–	–	2,436
Debt in issuance	–	31,753	–	–	31,753
Other financial liabilities	–	32,418	–	–	32,418
Liabilities held for sale	–	188	–	–	188
Total fair value of financial liabilities	–	72,011	–	–	72,011

¹ Deposits are renamed as 'Due to banks' to better describe the nature of items under the heading.

As at 31 December 2019
Group (USD million)

	Level 1	Level 2	Level 3	Impact of Netting	Fair value
Financial assets					
Cash and due from banks	4,362	76	–	–	4,438
Interest-bearing deposits with banks	–	12,205	–	–	12,205
Securities purchased under resale agreements and securities borrowing transactions	–	6,145	–	–	6,145
Loans and advances ¹	–	2,823	–	–	2,823
Other assets ³	–	33,212	–	–	33,212
Assets held for sale	–	150	–	–	150
Total fair value of financial assets	4,362	54,611	–	–	58,973
Financial liabilities					
Due to banks ²	–	435	–	–	435
Securities sold under repurchase agreements and securities lending transactions	–	3,155	–	–	3,155
Borrowings	–	14,116	–	–	14,116
Debt in issuance	–	14,008	–	–	14,008
Other financial liabilities ³	–	22,594	–	–	22,594
Liabilities held for sale	–	102	–	–	102
Total fair value of financial liabilities	–	54,410	–	–	54,410

¹ Net Loans are renamed as 'Loans and advances' to better describe the nature of items under the heading.

² Deposits are renamed as 'Due to banks' to better describe the nature of items under the heading.

³ 2019 numbers have been restated to disclose the effect of adjustments related to offsetting of centrally cleared derivative transactions. 'Other Assets' were overstated by USD 2,008 million and 'Other Liabilities' were overstated by USD 724 million. Details are included in Note 2 – Significant Accounting Policies.

As at 31 December 2019
Bank (USD million)

	Level 1	Level 2	Level 3	Impact of Netting	Fair value
Financial assets					
Cash and due from banks	4,332	76	–	–	4,408
Interest-bearing deposits with banks	–	12,205	–	–	12,205
Securities purchased under resale agreements and securities borrowing transactions	–	6,145	–	–	6,145
Loans and advances ¹	–	2,823	–	–	2,823
Other assets ³	–	33,212	–	–	33,212
Assets held for sale	–	150	–	–	150
Total fair value of financial assets	4,332	54,611	–	–	58,943
Financial liabilities					
Due to banks ²	–	435	–	–	435
Securities sold under repurchase agreements and securities lending transactions	–	3,155	–	–	3,155
Borrowings	–	14,116	–	–	14,116
Debt in issuance	–	13,879	–	–	13,879
Other financial liabilities ³	–	22,594	–	–	22,594
Liabilities held for sale	–	102	–	–	102
Total fair value of financial liabilities	–	54,281	–	–	54,281

¹ Net Loans are renamed as 'Loans and advances' to better describe the nature of items under the heading.

² Deposits are renamed as 'Due to banks' to better describe the nature of items under the heading.

³ 2019 numbers have been restated to disclose the effect of adjustments related to offsetting of centrally cleared derivative transactions. 'Other Assets' were overstated by USD 2,008 million and 'Other Liabilities' were overstated by USD 724 million. Details are included in Note 2 – Significant Accounting Policies.

43 Assets Pledged or Assigned

The following table sets forth details of assets pledged or assigned:

Group and Bank	2020	2019
Assets pledged or assigned (USD million)		
Trading financial assets at fair value through profit or loss	13,843	8,993
Collateral received (USD million)		
Fair value of collateral received with the right to resell or repledge	91,357	78,130
Of which sold or repledged	64,526	49,508

Assets pledged or assigned represents the balance sheet position of trading assets mandatorily at fair value through profit or loss which have been pledged as collateral under securities sold under repurchase agreements, securities lending transactions and derivatives transactions. Refer to Note 17 – Trading Financial Assets and Liabilities Mandatorily at Fair Value through Profit or Loss for the amount of securities transferred which are encumbered.

As at 31 December 2020 and 2019 collateral was received in connection with resale agreements, securities borrowings and loans, derivative transactions and margined broker loans. As at these dates, a substantial portion of the collateral received by the CSi group had been sold or repledged in connection with repurchase agreements, securities sold not yet purchased, securities lent, pledges to clearing organisations, segregation requirements

under securities laws and regulations, derivative transactions and bank loans.

These transactions were generally conducted under terms that are usual and customary for standard securitised lending activities and the other transactions described. The CSi group, as the secured party, has the right to sell or repledge such collateral, subject to the CSi group returning equivalent securities upon completion of the transaction.

The CSi group enters into agreements with counterparties where collateral or security interests in positions, which the CSi group holds, has been provided. This includes situations where the CSi group has registered charges to certain counterparties over the CSi group's assets in connection with its normal operating activities.

44 Derecognition

In the normal course of business, the CSi group enters into transactions where it transfers previously recognised financial assets, such as debt securities, equity securities and other financial instruments. The CSi group's accounting policy regarding derecognition of such assets under IFRS 9 is described in Note 2 – Significant Accounting Policies.

Transferred Financial Assets that are derecognised with continuing involvement

Where the transfer of a financial asset meets the derecognition criteria under IFRS 9, the CSi group may have continuing involvement in a financial asset that has been derecognised. The continuing involvement can take several forms, including but not limited to derivative instruments and debt instruments issued by structured entities to which the asset has been transferred. In addition, the CSi group does not have a continuing involvement in a transferred financial asset if, as part of the transfer, the CSi group neither retains any of the contractual rights or obligations inherent in the transferred financial asset nor acquires any

new contractual rights or obligations relating to the transferred financial asset. The CSi group does not have continuing involvement in a transferred financial asset if it has neither an interest in the future performance of the transferred financial asset nor a responsibility under any circumstances to make payments in respect of the transferred financial asset in the future. The CSi group's exposure resulting from continuing involvement in a transferred asset is generally limited to where the CSi group retains any form of rights or obligations relating to the transferred asset.

The following table below provides information for the transfer of financial assets that qualify for sale accounting and subsequent derecognition, in which the CSi group still has continuing involvement as at 31 December 2020, irrespective of the date when the transfer occurred. The maximum exposure to loss from continuing involvement represents the maximum exposure before taking into account the amount of any collateral held against the continuing involvement.

Information on transferred assets by type of continuing involvement

2020 Group and Bank (USD million)	Carrying amount of continuing involvement in statement of financial position		Fair value of continuing involvement		Maximum exposure to loss	Loss from transfer	Income / (Expense) from continuing involvement	
	Trading financial assets at fair value through profit or loss	Trading financial liabilities at fair value through profit or loss	Assets	Liabilities			For the year ended 31 December 2020	Cumulative to 31 December 2020
Type of continuing involvement								
Derivatives								
Options	87	–	87	–	87	5	9	9
Swaps	49	(104)	49	(104)	70	3	7	(9)
Notes	152	–	152	–	152	–	–	–
Total	288	(104)	288	(104)	309	8	16	

2019 Group and Bank (USD million)	Carrying amount of continuing involvement in statement of financial position		Fair value of continuing involvement		Maximum exposure to loss	Loss from transfer	Income / Expense from continuing involvement	
	Trading financial assets at fair value through profit or loss	Trading financial liabilities at fair value through profit or loss	Assets	Liabilities			For the year ended 31 December 2019	Cumulative to 31 December 2019
Type of continuing involvement								
Derivatives								
Options	–	–	–	–	–	–	–	–
Swaps	92	(106)	92	(106)	92	12	(29)	(48)
Notes	161	–	161	–	161	–	–	–
Total	253	(106)	253	(106)	253	12	(29)	(48)

The majority of the CSi group's continuing involvement in derecognised transferred financial assets is in the form of derivative transactions. To reduce its credit risk to derivatives, the CSi group enters into legally enforceable netting agreements with its derivative counterparties. Collateral on these derivative contracts is usually posted on a net counterparty basis.

The following table shows a maturity analysis of undiscounted cash outflows that the CSi group may be required to pay to repurchase the asset or any other amounts payable (such as dividends and interest payable) to the counterparty and table includes situations where the CSi group has an option to repurchase the asset. In such instances, where the timing of the cash flows is not specified, the total undiscounted amount has been included in the earliest maturity bucket. Cash outflows to the counterparty may be triggered by credit events.

Maturity analysis of undiscounted cash flows to repurchase transferred assets by type of continuing involvement

2020 Group and Bank (USD million)	Total	On demand	Less than 1 year	1–5 years	more than 5 years
Type of continuing involvement					
Derivatives ¹					
Swaps	(145)	(145)	–	–	–

¹ The derivative provides CSi group the right but not the obligation to repurchase the transferred asset at the CSi group's option.

2019 Group and Bank (USD million)	Total	On demand	Less than 1 year	1–5 years	more than 5 years
Type of continuing involvement					
Derivatives ¹					
Swaps	(309)	(309)	–	–	–

¹ The derivative provides CSi group the right but not the obligation to repurchase the transferred asset at the CSi group's option.

Instruments that are considered to be continuing involvement are included in Note 17 – Trading Financial Assets and Liabilities at

Mandatorily Fair Value through Profit or Loss and Note 30 –Debt in Issuance.

Transferred Financial Assets that are not derecognised in their entirety

Certain transactions may include provisions that prevent derecognition of the transferred financial asset and the transfers are accounted for as secured financing transactions. Repurchase agreements, securities lending agreements and total return swaps, in which the CSi group retains substantially all of the associated credit, market, interest rate and foreign exchange risks and rewards associated with the assets, represent the most common

examples of such transactions. Where the transfer of an asset does not meet derecognition, it remains on the CSi groups balance sheet with a corresponding liability established to represent an obligation to the counterparty. As part of the CSi group's repurchase agreements and securities lending transactions, there is an obligation to return equivalent securities at the end of the transaction.

The following table provides details of financial assets which have been sold or otherwise transferred, but which do not qualify for derecognition, together with their associated liabilities.

Carrying amount of transferred assets not derecognised and associated liabilities

Group and Bank (USD million)	2020		2019	
	Carrying amount of assets	Carrying amount of associated liabilities	Carrying amount of assets	Carrying amount of associated liabilities
Financial assets not derecognised due to the following transactions				
Repurchase & Securities lending agreements	13,843	13,843	8,993	8,993
Total Return Swaps	1,108	1,076	407	391
Callable asset swap	496	477	–	–
Options	45	45	–	–
Other	7	7	167	167

The CSi group also participates in securities lending agreements where the counterparty provides securities as collateral or fees. The carrying amount of the assets not derecognised in such transactions is equal to USD 969 million (2019: USD 1,967 million).

Where the CSi group sells the contractual rights to the cash flows of the securities included above, it does not have the ability to use the transferred assets during the term of the arrangement.

The counterparties to the associated liabilities have full recourse to CSi. Assets not derecognised are included in in Note 17 – Trading

Financial Assets and Liabilities at Mandatorily Fair Value through Profit or Loss and the corresponding liabilities are included in Note 16 – Securities Borrowed, Lent and Purchased/Sold under Resale/Repurchase Agreements and Note 18 – Non-trading Financial Assets Mandatorily at Fair Value Through Profit or Loss and Note 18- Financial Liabilities Designated at Fair Value Through Profit or Loss.

Of the above, other financial assets not derecognised includes failed sale items including fair value elected items which are shown under Non-Trading Financial Assets Mandatorily at Fair Value Through Profit and Loss in the Consolidated Statement of Financial Position.

45 Financial Risk Management

Risks Detail

i) Market Risk

Overview

Market risk is the risk of loss arising from fair-valued financial instruments in response to adverse changes in interest rates, credit spreads, foreign currency exchange rates, equity and commodity prices, and other relevant parameters, such as market volatilities and correlations. A typical transaction or position in financial instruments may be exposed to a number of different market risk factors.

The Bank has policies and processes in place to ensure that market risk is captured, accurately modelled and reported, and effectively managed. Trading and non-trading portfolios are managed at various organisational levels, from the specific positions up to the overall risk positions at the Bank level. The Bank uses market risk measurement and management methods in line with regulatory and industry standards. These include general tools capable of calculating comparable risk metrics across the Bank's many activities and focused tools that can specifically model the unique characteristics of certain instruments or portfolios. The tools are used for internal market risk management, internal market risk reporting and external disclosure purposes. The principal portfolio measurement tools are Value-at-Risk ('VaR'), scenario analysis and sensitivity analysis, which complement each other in measuring the market risk at the Bank. The Bank regularly reviews the risk management techniques and policies to ensure they remain appropriate.

Value-at-Risk

VaR measures the potential loss arising from fair-valued financial instruments due to adverse market movements over a defined holding period and that is expected to occur at a specified confidence level. Positions can be aggregated in several ways, across risk factors, products and businesses. For example, interest rate risk includes risk arising from money market and swap transactions, bonds, and interest rate, foreign exchange, equity and commodity options, amongst others. The use of VaR allows the comparison of risk across different asset classes and divisions and also provides a means of aggregating and netting a variety of positions within a portfolio to reflect correlations and offsets between different assets.

The Bank's VaR model is a historical simulation, deriving plausible future trading losses from the analysis of historical movements in market risk factors. VaR is calculated for all financial instruments with adequate price histories. The model is responsive to changes in market conditions through the use of exponential weighting that applies a greater weight to more recent events. The model avoids any explicit assumptions on the correlation between risk factors leveraging the historical correlation observed.

The Bank has 3 main VaR measures as portfolio measurement tools. These vary in terms different holding periods, different historical data periods, percentile and portfolio scope.

- Regulatory VaR which uses a ten-day holding period, confidence level of 99% and the last 2 years of market history. This is used in the calculation of the trading book market risk capital requirements and as such primarily focuses on trading book risk although banking book risk for FX and commodities is also included.
- Stressed VaR which uses ten-day holding period, confidence level of 99% and equally weighted one-year data period of significant financial stress. This is used in the calculation of the trading book market risk capital requirements and as such primarily focuses on trading book risk although banking book risk for FX and commodities is also included.
- Risk Management VaR which is calculated for trading and banking book positions using a one-day holding period, at a confidence level of 98% and using the last two years market history.

The VaR model uses assumptions and estimates that the Bank believes are reasonable. The main assumptions and limitations of VaR as a risk measure are:

- VaR relies on historical data to estimate future changes in market conditions, which may not capture all potential future outcomes, particularly where there are significant changes in market conditions and/or correlations across asset classes.
- VaR provides an estimate of losses at a given confidence level, which means that it does not provide any information on the size of losses that could occur beyond that threshold.
- VaR is based on at most a ten-day holding period. This assumes that risks can be either sold or hedged over that period, which may not be possible for all types of exposure, particularly during periods of market illiquidity or turbulence. It also assumes that risks will remain in existence over the entire holding period.
- VaR is calculated using positions held at the end of each business day and does not include intra-day changes in exposures.

Where there is insufficient historical market data for a calculation within the Bank's VaR model, either market data proxies or conservative parameter moves for these risk types are used. Market data proxies are selected to be as close to the underlying instrument as possible. Where neither a suitable market dataset nor a close proxy is available, conservative parameter moves are used.

The VaR measures are also complemented by Risk not in VaR and pillar 2A risk assessments which provide further assessments for any missing risks identified and if the 10 day holding period is considered inadequate.

Scenario analysis

Stress testing complements other risk measures by quantifying the potential losses arising from moves across financial markets in response to plausible external events. The majority of scenario

analysis calculations performed is specifically tailored towards the risk profile of particular businesses and limits may be established for some of them. In addition, to identify areas of risk concentration and potential vulnerability to stress events at the Bank's level, a set of scenarios is consistently applied across all businesses to assess the impact of significant, simultaneous movements across a broad range of markets and asset classes. Additionally, scenarios targeted at a specific market, product or risk type are used to better understand the risk profiles and concentrations, to monitor and control the exposure.

Scenarios can be defined with reference to historic events or based on forward-looking, hypothetical events that could impact the Bank's positions, capital, or profitability. The scenarios used within the Bank are reviewed at the relevant risk committees as well as by a dedicated scenario design forum. The scenarios used within the Bank continuously evolve to reflect changes in market conditions and any change in business strategy.

Sensitivity analysis

The sensitivity analysis for the trading activities includes a wide range of measures such as sensitivities, both net and gross, and sensitivity impacts under scenarios, amongst others. This family of measures allow to quantify the potential profit or loss resulting from specified, generally small, hypothetical shocks to market factors.

Similarly to stress testing, the majority of sensitivity analysis calculations performed is specifically tailored towards the risk profile of particular businesses and limits may be established for some of them. Sensitivity analysis may also be used to identify, monitor and control areas of risk concentration at the Bank's level across a broad range of markets, products and asset classes.

VaR, stress testing and sensitivity analysis are fundamental elements of the Bank's risk control framework. Their results are used in risk appetite discussions and strategic business planning, and support the Bank's internal capital adequacy assessment.

VaR, scenario and sensitivity calculations are conducted on a regular basis and the results, trend information and supporting analysis are reported to the Board, senior management and shared and discussed with the business lines.

Trading portfolios

Risk measurement and management

Market risk arises in the Bank's trading portfolios primarily through its trading activities.

For the purposes of this disclosure, the aggregated market risks associated with the Bank's trading book portfolios along with foreign exchange and commodity risks in the banking book are measured using VaR. This classification of assets and liabilities as trading is based on the trading intent and for the purpose of analysing the Bank's market risk exposure, not for financial statement reporting purposes.

The Bank is active in the principal global trading markets, using a wide range of trading and hedging products, including derivatives and structured products (some of which are customised transactions often using combinations of financial instruments and executed to meet specific client or internal needs). As a result of the Bank's broad participation in products and markets, trading strategies are correspondingly diverse and exposures are generally spread across a range of risk factors and locations.

Development of trading portfolio risks

The following table shows the trading related market risk exposure along with exchange and commodity risks in the banking book for the Bank, as measured by Regulatory VaR. This VaR model used by the Bank is based on historical simulation approach over a two-year historical dataset. VaR estimates are computed separately for each risk type and for the whole trading book portfolio using the historical simulation methodology. The diversification benefit reflects the net difference between the sum of the 99th percentile loss for each individual risk type and for the total portfolio.

Ten-day, 99% VaR – trading portfolios

End of period	Interest rate and credit spread	Foreign exchange ¹	Commodity ¹	Equity	Diversifi- cation benefit ²	Total
2020 (USD million)						
Average	83	40	4	41	(122)	46
Minimum	16	2	1	12	- ³	15
Maximum	162	178	11	92	- ³	147
End of period	57	172	6	86	(270)	51
2019 (USD million)						
Average	28	6	4	17	(26)	29
Minimum	18	3	2	8	- ³	16
Maximum	49	17	9	43	- ³	57
End of period	20	3	3	13	(20)	19

¹ Along with the trading related market risk exposure, foreign exchange and commodity risks in the banking book is included in the VaR computation.

² VaR is calculated separately for each risk type and for the whole portfolio using the historical simulation methodology.

Diversification benefit reflects the net difference between the sum of the 99th percentile VaR for each risk type compared to the whole portfolio.

³ As the minimum and maximum occur on different days for different risk types, it is not meaningful to calculate a portfolio diversification benefit.

VaR results

The Bank's ten-day, 99% Regulatory VaR as of 31 December 2020 increased by 166% to USD 50 million, compared to 31 December 2019 (USD 19 million).

The increase in VaR primarily driven by increased Equity and Credit Spreads risks from COVID-19 induced market volatility coupled with post-crisis positional built-up within the Investment Bank division.

Banking portfolios

Risk measurement and management

The market risks associated with non-trading portfolios are measured, monitored and limited using several tools, including sensitivity analysis, scenario analysis and VaR. For the purpose of this disclosure, the aggregated market risks associated with the Bank's non-trading portfolios are measured using sensitivity analysis. In addition, scenario analysis measures the amount of potential change in economic value resulting from specified hypothetical shocks to market factors. It is not a measure of the potential impact on reported earnings in the current period, since the non-trading activities generally are not marked to market through earnings. Foreign exchange translation risk is not included in this analysis.

Development of non-trading portfolio risks

Interest rate sensitivity analysis measures the impact of a one-basis-point parallel move in yield curves on the fair value of interest rate-sensitive non-trading book positions. As of the 31 December 2020 it was USD (0.02) million compared to USD 0.07 million as of 31 December 2019. Non-trading interest rate risk is assessed using other measures including the potential value change resulting from significant but possible moves in yield curves using shocks defined in BCBS368. As of 31 December 2020 the fair value impacts were:

- A fair value gain of USD 14 million (2019: gain of USD 76 million) for a +200bps move.
- A fair value gain of USD 15 million (2019: gain of USD 72 million) for a -200bps move.

Reduction in interest rate risk is mainly driven by rebalancing of interest rate swaption hedges due to changes in counterparty exposures and moves in spreads.

Macro-Economic Environment

CSi's performance is dependent on the market environment. This could be materially affected by certain events such as COVID-19. Due to COVID-19, CSi has invoked its business continuity plans following Government advice with staff safety paramount. CSi has developed specific macro-economic scenarios for material risks to continue to monitor and manage these risks.

ii) Liquidity Risk

Liquidity risk is the risk that a bank is unable to fund assets and meet obligations as they fall due in times of stress, whether caused by market events and/or firm-specific issues.

CS group-wide management of liquidity risk

The liquidity risk governance model at CS follows the three lines of defence ('3LoD') model, with CSG/CS BoD and Executive Board ('ExB') providing on-going oversight. Explicit roles and responsibilities for the various aspects of liquidity risk management are assigned to the various functions involved in the process. The business divisions are responsible for understanding and articulating their liquidity demand and liquidity generation, forecasting their liquidity needs at a business-level and ensuring adherence to agreed liquidity targets. Treasury and Liquidity Risk Management ('LRM') are global functions with responsibilities both at a global level, as well as at a geographical, legal entity and divisional level. Further key stakeholders include the Global Liquidity Group ('GLG'), who execute a number of funding and liquidity management activities on behalf of Treasury, as well as the Liquidity Measurement and Reporting function ('LMR'), who are responsible for production of internal and regulatory Management Information ('MI') reporting. To provide assurance of the ongoing effectiveness of the liquidity risk management framework, independent review is regularly provided by internal and external audit.

CSG operates its funding and liquidity processes under a central treasury model, in which CS Parent plays the focal role, by sourcing, aggregating and distributing capital and unsecured funding in a range of products across CSG's legal entity network, in addition to funding the requirements arising from business activity booked directly in the legal entity. In order to minimize funding flow network complexity, funding proceeds flow from the source CS Parent branch to the end use branch or affiliate legal entity in alignment with an agreed 'Hub and Spoke' routing.

To address short-term liquidity stress, a liquidity pool comprising of cash held at central banks and high-quality liquid assets ('HQLA') is maintained and managed by Treasury for the purpose of covering unexpected outflows in the event of severe market and idiosyncratic stress. CS liquidity risk parameters reflect various liquidity stress assumptions calibrated as such that in the event CS is unable to access unsecured funding, CS expects to have sufficient liquidity to sustain operations for a period of time in excess of the minimum limit. This includes potential currency mismatches, which are monitored and subject to limits, particularly in the significant currencies of euro, Japanese yen, pound sterling, Swiss franc and US dollar.

CS uses the internal liquidity Barometer to manage its liquidity to internal targets and as a basis to model both CS-specific and market-wide stress scenarios and their impact on the liquidity and funding over different time horizons. Other functionalities include the ability to manage entity-specific liquidity, and low point and currency controls. The internal Barometer framework also supports the management of the funding structure.

In the event of a liquidity crisis, CS would activate its Contingency Funding Plan ('CFP'), which focuses on the specific actions that would be taken as a response, including a detailed communication plan for creditors, investors and customers.

Legal entity management of liquidity risk

The legal entity internal liquidity risk management framework is aligned with the group-wide approach but also incorporates local regulatory compliance requirements. Such compliance requirements are measured as part of the Prudential Regulation Authority's ('PRA') Individual Liquidity Guidance ('ILG') which results in CSi holding term funding and a local liquid asset buffer of qualifying securities.

The liquidity and funding profile reflects CSi's respective strategies and risk appetites, and is driven by business activity levels and the overall operating environment. The Liquidity and Funding risk metrics capture all the identified material risks and provide sufficient coverage from both liquidity and a capital adequacy perspective. Liquidity for CSi is managed and monitored according to the Credit Suisse internal stress measure (Barometer 2.0, "B2.0") and the regulatory defined stress measures (Liquidity Coverage Ratio 'LCR' and Net Stable Funding Ratio 'NSFR').

In the context of the internal model, CSi liquidity risk is stressed across a number of different scenarios covering market stress, CS specific idiosyncratic stress and stressed conditions which see a combination of these.

B2.0 captures the liquidity positions and flows over a 30 and 365-day time horizons, with the absolute surplus or deficit position determined by deducting outflows from unencumbered assets and inflows. Risk controls have been set for CSi covering two distinct stress scenarios and time horizons. The primary B2.0 controls are against:

- A 30-day low point position under the severe combined scenario and
- A 365-day low point position under the less severe combined scenario.

The "low point" is the specific point across the time horizon where the liquidity coverage level is at its worst. The low-point controls ensure that the firm has enough liquidity buffer to cover both net outflows for 30 days under a severe combined stress (i.e. idiosyncratic and market stress) and net outflows for 365 days under a less severe combined stress.

The objective of the Liquidity Coverage Ratio ('LCR') defined by the PRA, based on the recommendations by the Basel Committee on Banking Supervision, is to promote the short-term

resilience of the liquidity risk profile of banks by ensuring that banks have an adequate stock of unencumbered high-quality liquid assets (HQLA) that can be converted easily and immediately into cash to meet their liquidity needs for a 30 calendar day liquidity stress scenario.

The NSFR metric requires CSi to maintain a stable funding profile in relation to the composition of their assets and off-balance sheet activities. The NSFR limits overreliance on short-term wholesale funding, encourages better assessment of funding risk across on- and off-balance sheet items, and promotes funding stability.

Liquidity Risk Appetite for CSi is set by the CSi Board and include quantitative and qualitative statements. It is set based on both regulatory and internal metrics, such as the Liquidity Coverage Ratio, Net Stable Funding Ratio and the Barometer 2.0, which capture the impact on CSi's funding liquidity in a stressed situation. The authority to set more granular liquidity risk limits is delegated by the Board to the CSi ExCo, which has appointed the CSi CRO as the Accountable Executive. The liquidity risk operating limits are approved through the CSi Risk Management Committee ('RMC').

CSi hold buffers of high quality liquid assets including government securities and on demand cash with Central Banks (via CS AG, London Branch), which CSi both access through CS AG London Branch. Additionally, each entity is provided with unsecured funding from CS AG in a combination of 120 day and 400 day ever-green tenors, subordinated debt and equity. CSi also generates funding from its structured notes issuance platform.

CSi LRM function is part of the overall Global LRM Liquidity organisation with supporting functions from the Global LRM Liquidity roles to oversee and manage liquidity risk for CSi. CSi LRM as part of the CRO organisation is responsible for the oversight of Treasury and the business divisions in managing CSi's liquidity risks as a second line of defence. As a reflection of its risk constraint mandate, CSi LRM is responsible for ensuring that liquidity risk management is consistent with the overall mandate. CSi LRM defines related risk management frameworks and processes in line with requirements at entity level. The team works with Treasury, GLG and the business divisions to ensure comprehensive liquidity risk limit adherence and manage breaches thereof, should they occur.

The following table sets out details of the remaining contractual maturity of all financial liabilities:

Group 31 December 2020	On Demand	Due within 3 months	Due between 3 and 12 months	Due between 1 and 5 years	Due after 5 years	Total
Financial liabilities (USD million)						
Due to banks	433	–	–	–	–	433
Securities sold under repurchase agreements and securities lending transactions	248	466	3,585	484	–	4,783
Trading financial liabilities mandatorily at fair value through profit or loss	164,364	–	–	–	–	164,364
Financial liabilities designated at fair value through profit or loss ¹	5,219	13,524	4,414	6,556	75	29,788
Borrowings	–	760	1,676	–	–	2,436
Debt in issuance	–	429	1,550	29,652	3	31,634
Other liabilities	32,418	–	–	–	–	32,418
Liabilities held for sale	707	–	–	–	–	707
Total	203,389	15,179	11,225	36,692	78	266,563

¹ Financial liabilities designated at fair value through profit or loss includes certain structured notes and some other financial instruments that are reported at their fair values, rather than their undiscounted amounts, since these best represent the expected future outflow for these balances. In addition, there are certain structured notes that have mandatory early redemption features based on stipulated movements in markets or the occurrence of a market event. With respect to these notes those that have an observable likelihood of redemption occurring within one year based on a modelling assessment are also included in current liabilities. Within the population this includes USD 450 million of such notes with a contractual maturity of between 1 and 5 years.

Group 31 December 2019	On Demand	Due within 3 months	Due between 3 and 12 months	Due between 1 and 5 years	Due after 5 years	Total
Financial liabilities (USD million)						
Due to banks ³	435	–	–	–	–	435
Securities sold under repurchase agreements and securities lending transactions	519	908	1,728	–	–	3,155
Trading financial liabilities at fair value through profit or loss ²	126,830	–	–	–	–	126,830
Financial liabilities designated at fair value through profit or loss ¹	3,444	8,465	2,922	4,808	1,476	21,115
Borrowings	–	14,116	–	–	–	14,116
Debt in issuance ²	–	4,377	7	9,643	3	14,030
Other liabilities ²	22,596	–	–	–	–	22,596
Liabilities held for sale	297	–	4	6	125	432
Total	154,121	27,866	4,661	14,457	1,604	202,709

¹ In addition certain of the Financial liabilities designated at fair value through profit or loss includes certain structured notes that have mandatory early redemption features based on stipulated movements in markets or the occurrence of a market event. With respect to these notes those that have an observable likelihood of redemption occurring within one year based on a modelling assessment are also current liabilities. Within the population this includes USD 600 million of such notes with a contractual maturity of between 1 and 5 years.

² 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. Further, Lease liabilities, previously disclosed within Debt in issuance, have been presented as a separate heading in the consolidated statement of financial position. USD 716 million of lease liabilities balance was included in Debt in issuance as on 31 December 2019.

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

Bank
31 December 2020

	On Demand	Due within 3 months	Due between 3 and 12 months	Due between 1 and 5 years	Due after 5 years	Total
Financial liabilities (USD million)						
Due to banks	433	–	–	–	–	433
Securities sold under repurchase agreements and securities lending transactions	248	466	3,585	484	–	4,783
Trading financial liabilities mandatorily at fair value through profit or loss	164,361	–	–	–	–	164,361
Financial liabilities designated at fair value through profit or loss ¹	5,218	13,477	4,413	6,447	75	29,630
Borrowings	–	760	1,676	–	–	2,436
Debt in Issuance	–	493	1,550	29,652	3	31,698
Other liabilities	32,417	–	–	–	–	32,417
Liabilities held for sale	707	–	–	–	–	707
Total	203,384	15,196	11,224	36,583	78	266,465

¹ Financial liabilities designated at fair value through profit or loss includes certain structured notes and some other other financial instruments that are reported at their fair values, rather than their undiscounted amounts, since these best represent the expected future outflow for these balances. In addition, there are certain structured notes that have mandatory early redemption features based on stipulated movements in markets or the occurrence of a market event. With respect to these notes those that have an observable likelihood of redemption occurring within one year based on a modelling assessment are also included in current liabilities. Within the population this includes USD 450 million of such notes with a contractual maturity of between 1 and 5 years.

Bank
31 December 2019

	On Demand	Due within 3 months	Due between 3 and 12 months	Due between 1 and 5 years	Due after 5 years	Total
Financial liabilities (USD million)						
Due to banks ³	435	–	–	–	–	435
Securities sold under repurchase agreements and securities lending transactions	519	908	1,728	–	–	3,155
Trading financial liabilities at fair value through profit or loss ²	126,632	–	–	–	–	126,632
Financial liabilities designated at fair value through profit or loss ¹	3,377	8,533	2,909	4,742	1,433	20,994
Borrowings	–	14,116	–	–	–	14,116
Debt in issuance ²	–	4,377	7	9,516	60	13,960
Other liabilities ²	22,596	–	–	–	–	22,596
Liabilities held for sale	297	–	4	6	125	432
Total	153,856	27,934	4,648	14,264	1,618	202,320

¹ In addition certain of the Financial liabilities designated at fair value through profit or loss includes certain structured notes that have mandatory early redemption features based on stipulated movements in markets or the occurrence of a market event. With respect to these notes those that have an observable likelihood of redemption occurring within one year based on a modelling assessment are also current liabilities. Within the population this includes USD 600 million of such notes with a contractual maturity of between 1 and 5 years.

² 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. Further, Lease liabilities, previously disclosed within Debt in issuance, have been presented as a separate heading in the consolidated statement of financial position. USD 716 million of lease liabilities balance was included in Debt in issuance as on 31 December 2019.

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

Liabilities in trading portfolios have not been analysed by contractual maturity because these liabilities are used to risk manage positions held across CS group and can be closed out at very short notice. They have been classified as being 'on demand' at their fair value.

For instruments with perpetual features (i.e. no maturity dates), the projected coupons have been excluded. Callable Due to Banks, open ended positions and overnight funding will be recorded at their present value in an 'on demand' categorisation. This classification will be based on the underlying legal and contractual ability of the counterparty or the bank to put or call the positions at short notice.

iii) Currency Risk

The Bank takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows.

The Bank has approval to manage its own trading P&L related foreign exchange risk through a formal trading mandate and has defined risk limits using the Value at Risk ('VaR') methodology. Its currency exposure within the non-trading portfolios is managed through the CS group's leveling process as set out in the Corporate Foreign Exchange Policy. The VaR methodology is discussed in more detail in section i) Market Risk, of this note.

One of the components of CSI total expenses is operational expenses in GBP which are subject to currency risk when

converted into USD, the functional currency of the entity. The exposure is reduced through hedging.

iv) Credit Risk

Credit risk is the possibility of a loss being incurred as the result of a borrower or counterparty failing to meet its financial obligations or as a result of deterioration in the credit quality of the borrower or counterparty. In the event of a customer default a bank generally incurs a loss equal to the amount owed by the debtor, less any recoveries from foreclosure, liquidation of collateral or the restructuring of the debtor company. A change in the credit quality of the counterparty has an impact on the valuation of assets eligible for fair value measurement, with valuation changes recorded in the Consolidated Statement of Income.

Credit risk in CSi is managed by the CSi Credit Risk Management ('CSi CRM') department, which is headed by the CSi CCO, who in turn reports to the CSi CRO. CSi CRM is a part of the wider CS Group CRM department, which is an independent function with responsibility for approving credit limits, monitoring and managing individual exposures, and assessing and managing the quality of the segment and business areas' credit portfolios and allowances. The head of CRM reports to the CRO of the CS group. All credit limits in CSi are subject to approval by CSi CRM.

Credit risk management approach

Effective credit risk management is a structured process to assess, quantify, measure, monitor and manage risk on a consistent basis. This requires careful consideration of proposed extensions of credit, the setting of specific limits, monitoring during the life of the exposure, active use of credit mitigation tools and a disciplined approach to recognising credit impairment.

Credit limits are used to manage concentration to individual counterparties. A system of limits is also established to address concentration risk in the portfolio, including country limits, industry limits and limits for certain products. In addition, credit risk concentration is regularly supervised by credit and risk management committees, taking current market conditions and trend analysis into consideration. A credit quality review process provides an early identification of possible changes in the creditworthiness of clients and includes regular asset and collateral quality reviews, business and financial statement analysis and relevant economic and industry studies. Regularly updated watch lists and review meetings are used for the identification of counterparties where adverse changes in creditworthiness could occur.

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

Counterparty and transaction rating

The CSi group employs a set of credit ratings for the purpose of internally rating counterparties to which it is exposed to credit risk as the contractual party. Credit ratings are intended to reflect the risk of default of each counterparty. Ratings are assigned based on internally-developed rating models and processes, which are subject to governance and internally-independent validation procedures.

The CSi group's internal ratings may differ from counterparties' external ratings. Policy requires the review of internal ratings at least annually. For the calculation of internal risk estimates and Risk Weighted Assets ('RWAs'), a probability of default ('PD') is assigned to each facility, with the PD determined by the internal credit rating. Internal ratings are based on the analysis and evaluation of both quantitative and qualitative factors. The specific factors analysed are dependent on the type of counterparty. The analysis emphasises a forward-looking approach, concentrating on economic trends and financial fundamentals. Analysts make use of peer analysis, industry comparisons, external ratings and research, other quantitative tools and the judgement of credit experts. The PD for each rating is calibrated based on historical default experience, using external data from Standard & Poor's, and back-tested to ensure consistency with internal experience.

The CSi group assigns an estimate of expected loss in the event of a counterparty default based on the structure of each transaction. The counterparty credit rating is used in combination with credit (or credit equivalent) exposure and the loss given default ('LGD') assumption to estimate the potential credit loss. LGD represents the expected loss on a transaction should default occur and takes into account structure, collateral, seniority of the claim and, in certain areas, the type of counterparty. CSi group uses credit risk estimates consistently for the purposes of approval, establishment and monitoring of credit limits and credit portfolio management, credit policy, management reporting and allocation and certain financial accounting purposes. This approach also allows us to price transactions involving credit risk more accurately, based on risk/return estimates. CSi has been granted permission by the PRA to use internal credit rating models under the CRD4 A-Internal Rating Based ('IRB') approach for the majority of credit exposures in CSi. Exposures which are not covered by AIRB treatment are subject to the standardised approach.

Credit Risk Overview

All transactions that are exposed to potential losses due to failure of meeting an obligation by counterparty are subject to credit risk exposure measurement and management.

Maximum Exposure to credit risk

The following table presents the maximum exposure to credit risk of balance sheet and off-balance sheet financial instruments, before taking account of the fair value of any collateral held or other credit enhancements unless such credit enhancements meet offsetting requirements as set out in IAS 32. For financial assets recognised on the balance sheet the maximum exposure to credit risk equals

their carrying amount as at 31 December 2020. For financial guarantees granted and other credit-related contingencies the maximum exposure to credit risk is the maximum amount that CSi would have to pay if the guarantees and contingencies are called upon. For loan commitments and other credit-related commitments that are irrevocable over the life of the respective facilities the maximum exposure to credit risk is the full amount of the committed facilities.

Maximum exposure to credit risk:

2020 (USD million)	Group ¹			Bank ¹		
	Gross	Collateral and other credit enhancements	Net	Gross	Collateral and other credit enhancements	Net
Maximum exposure to credit risk						
Trading financial assets mandatorily at fair value through profit or loss						
Debt securities	17,641	–	17,641	17,515	–	17,515
Derivative trading positions	157,937	145,219	12,718	157,938	145,219	12,719
Other	908	–	908	908	–	908
Non-trading financial assets mandatorily at fair value through profit or loss						
Loans	1,384	802	582	1,493	802	691
Reverse repurchase agreements	20,882	20,075	807	20,882	20,075	807
Other	3,255	–	3,255	3,255	–	3,255
Maximum exposure to credit risk – total assets	202,007	166,096	35,911	201,991	166,096	35,895
Off-balance sheet items						
loan commitments and other credit related commitments	1,489	979	510	1,489	979	510
Maximum exposure to credit risk – total off-balance sheet	1,489	979	510	1,489	979	510
Maximum exposure to credit risk	203,496	167,075	36,421	203,480	167,075	36,405

¹ Above table includes both continued and discontinued operations.

2019 (USD million)	Group ¹			Bank ¹		
	Gross	Collateral and other credit enhancements	Net	Gross	Collateral and other credit enhancements	Net
Maximum exposure to credit risk						
Trading financial assets mandatorily at fair value through profit or loss						
Debt securities	14,088	–	14,088	13,749	–	13,749
Derivative trading positions ³	120,964	115,437	5,527	120,965	115,437	5,528
Other	901	–	901	901	–	901
Non-trading financial assets mandatorily at fair value through profit or loss						
Loans	1,453 ²	1,068	385 ²	1,503 ^{2 & 4}	1,068	435 ^{2 & 4}
Reverse repurchase agreements	19,880	19,880	–	19,880	19,880	–
Other	1,060	–	1,060	1,060	–	1,060
Maximum exposure to credit risk – total assets	158,346	136,385	21,961	158,058	136,385	21,673
Off-balance sheet items						
loan commitments and other credit related commitments	3,392	2,009	1,383	3,392	2,009	1,383
Maximum exposure to credit risk – total off-balance sheet	3,392	2,009	1,383	3,392	2,009	1,383
Maximum exposure to credit risk	161,738	138,394	23,344	161,450	138,394	23,056

¹ Above table includes both continued and discontinued operations.

² 2019 numbers have been presented to include discontinued operations' numbers to conform to the current period's presentation.

³ 2019 numbers have been restated to disclose the effect of adjustments related to offsetting of centrally cleared derivative transactions. Net derivative assets were overstated by USD 5,422 million. Refer Note 2- Significant Accounting Policy for further details

⁴ 2019 numbers have been restated to disclose the impact of prior period adjustments. Details are included in Note 2- Significant Accounting Policies .

CSi is exposed to credit risk as a result of a counterparty, borrower or issuer being unable or unwilling to honour its contractual obligations. These exposures to credit risk exist within financing relationships, derivatives and other transactions.

CSi typically enters into master netting arrangements ('MNAs') with OTC derivative counterparties. The MNAs allow CSi to offset derivative liabilities against the derivative assets with the same counterparty in the event the counterparty defaults. Collateral on these derivative contracts is usually posted on a net counterparty basis and comprises either cash or marketable securities or a combination thereof. Included in the table above as collateral and other credit enhancements are the derivative liability amounts which would be offset against the derivative asset position upon default of the counterparty as well as any cash or marketable securities collateral held. Amounts disclosed as collateral and credit enhancements are where a counterparty has an offsetting derivative exposure with CSi, a legally enforceable MNA exists, and the credit risk exposure is managed on a net basis or the position is specifically collateralised, typically in the form of cash.

Also included in the table within both loans and advances and financial assets designated at fair value through profit and loss is collateral which CSi holds against loans in the form of guarantees, cash and marketable securities. CSi also mitigates its credit exposures on certain loans primarily with credit default swaps, which economically hedge the position and as such the notional on the relevant credit default swap has been included. For further information on the collateral and credit enhancements held against loans designated at fair value, refer to Note 18 – Financial Assets and Liabilities Designated at Fair Value through Profit and Loss.

Reverse repurchase agreements and securities borrowings are typically fully-collateralised instruments and in the event of

default, the agreement provides CSi the right to liquidate the collateral held. Reverse repos are included either within securities or financial assets designated at fair value through profit and loss, based on the accounting methodology. These instruments are collateralised principally by government securities, money market instruments, corporate bonds and cash. CSi monitors the fair value of securities borrowed and lent on a daily basis with additional collateral obtained as necessary. The fair value of the collateral has been included in the table above. For further information on the collateral and credit enhancements held against reverse repurchase agreements and securities borrowing refer to Note 16 – Securities Borrowed, Lent and Purchased/Sold under Resale/Repurchase Agreements.

Included within Other (Non- trading financial assets mandatorily at fair value through profit or loss) are failed purchases that arise when a transaction to purchase an asset has not met the conditions for sale accounting. CSi typically holds collateral in the form of insurance or securities against the failed purchases.

Collateral held against financial guarantees and loan commitments typically includes securities and letters of credit. For further information about the collateral and credit enhancements held against financial guarantees and loan commitments refer to Note 40 – Guarantees and Commitments.

For further information on collateral held as security that CSi is permitted to sell or repledge refer to Note 43 – Assets Pledged or Assigned.

If collateral or the credit enhancement value for a particular instrument is in excess of the maximum exposure then the value of collateral and other credit enhancements included in the table has been limited to the maximum exposure to credit risk.

The following table sets out information about the credit quality of financial assets measured at amortised cost. Unless specifically indicated, for financial assets, the amounts in the table represent

gross carrying amounts. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

Cash and due from banks credit risk exposures by rating grades

	2020				
Group In millions of USD	12-month ECL (Stage 1)	Lifetime ECL not credit-impaired (Stage 2)	Lifetime ECL credit-impaired (Stage 3)	Purchased credit-impaired	Total
AA+ to AA-	319	—	—	—	319
A+ to A-	5,767	—	—	—	5,767
BBB+ to BBB-	4	—	—	—	4
BB+ to BB-	97	—	—	—	97
B+ and below	38	—	—	—	38
Gross Carrying amount	6,225	—	—	—	6,225
Loss allowance	—	—	—	—	—
Net Carrying amount	6,225	—	—	—	6,225

The previous table applies to Bank also, with the exception of rating trades A+ to A- for which the 12 month ECL (Stage1) balance is USD 5,509 million.

	2019				
Group In millions of USD	12-month ECL (Stage 1)	Lifetime ECL not credit-impaired (Stage 2)	Lifetime ECL credit-impaired (Stage 3)	Purchased credit-impaired	Total
AA+ to AA-	450	—	—	—	450
A+ to A-	3,876	—	—	—	3,876
BBB+ to BBB-	15	—	—	—	15
BB+ to BB-	23	—	—	—	23
Gross Carrying amount	4,438	—	—	—	4,438
Loss allowance	—	—	—	—	—
Net Carrying amount	4,438	—	—	—	4,438

Interest bearing deposit with banks credit risk exposures by rating grades

	2020				
Group and Bank In millions of USD	12-month ECL (Stage 1)	Lifetime ECL not credit-impaired (Stage 2)	Lifetime ECL credit-impaired (Stage 3)	Purchased credit-impaired	Total
AA+ to AA-	—	—	—	—	—
A+ to A-	14,486	—	—	—	14,486
Gross Carrying amount	14,486	—	—	—	14,486
Loss allowance	—	—	—	—	—
Net Carrying amount	14,486	—	—	—	14,486

	2019				
Group and Bank In millions of USD	12-month ECL (Stage 1)	Lifetime ECL not credit-impaired (Stage 2)	Lifetime ECL credit-impaired (Stage 3)	Purchased credit-impaired	Total
A+ to A-	12,205	—	—	—	12,205
Gross Carrying amount	12,205	—	—	—	12,205
Loss allowance	—	—	—	—	—
Net Carrying amount	12,205	—	—	—	12,205

Loan credit risk exposures by rating grades

	2020				
Group and Bank In millions of USD	12-month ECL (Stage 1)	Lifetime ECL not credit-impaired (Stage 2)	Lifetime ECL credit-impaired (Stage 3)	Purchased credit-impaired	Total
A+ to A-	—	—	—	—	—
BBB+ to BBB-	2,549	—	—	—	2,549
BB+ to BB-	70	44	—	—	114
B+ and below	213	7	11	—	231
Gross Carrying amount	2,832	51	11	—	2,894
Loss allowance	11	—	10	—	21
Net Carrying amount	2,821	51	1	—	2,873

	2019				
Group and Bank In millions of USD	12-month ECL (Stage 1)	Lifetime ECL not credit-impaired (Stage 2)	Lifetime ECL credit-impaired (Stage 3)	Purchased credit-impaired	Total
A+ to A-	110	—	—	—	110
BBB+ to BBB-	2,614	—	—	—	2,614
BB+ to BB-	7	—	—	—	7
B+ and below	87	—	20	—	107
Gross Carrying amount	2,818	—	20	—	2,838
Loss allowance	3	—	7	—	10
Net Carrying amount	2,815	—	13	—	2,828

Securities purchases under resale agreements and Securities borrowing transactions credit risk exposures by rating grades

	2020				
Group and Bank In millions of USD	12-month ECL (Stage 1)	Lifetime ECL not credit-impaired (Stage 2)	Lifetime ECL credit-impaired (Stage 3)	Purchased credit-impaired	Total
AA+ to AA-	3	—	—	—	3
A+ to A-	4,272	—	—	—	4,272
BBB+ to BBB-	283	—	—	—	283
BB+ to BB-	1	—	—	—	1
Gross Carrying amount	4,559	—	—	—	4,559
Loss allowance	—	—	—	—	—
Net Carrying amount	4,559	—	—	—	4,559

2019

Group and Bank In millions of USD	12-month ECL (Stage 1)	Lifetime ECL not credit-impaired (Stage 2)	Lifetime ECL credit-impaired (Stage 3)	Purchased credit-impaired	Total
A+ to A-	6,145	—	—	—	6,145
B+ and below	—	—	—	—	—
Gross Carrying amount	6,145	—	—	—	6,145
Loss allowance	—	—	—	—	—
Net Carrying amount	6,145	—	—	—	6,145

Other assets credit risk exposures by rating grades

2020

Group and Bank In millions of USD	12-month ECL (Stage 1)	Lifetime ECL not credit-impaired (Stage 2)	Lifetime ECL credit-impaired (Stage 3)	Purchased credit-impaired	Total
AA+ to AA-	284	—	—	—	284
A+ to A-	536	—	—	—	536
BBB+ to BBB-	37	—	—	—	37
BB+ to BB-	14	—	—	—	14
B+ and below	8	—	—	—	8
Gross Carrying amount	879	—	—	—	879
Loss allowance	1	—	—	—	1
Net Carrying amount	878	—	—	—	878

2019

Group and Bank In millions of USD	12-month ECL (Stage 1)	Lifetime ECL not credit-impaired (Stage 2)	Lifetime ECL credit-impaired (Stage 3)	Purchased credit-impaired	Total
AA+ to AA-	574	—	—	—	574
A+ to A-	924	—	—	—	924
BBB+ to BBB-	4	—	—	—	4
BB+ to BB-	14	—	—	—	14
B+ and below	66	2	—	—	68
Gross Carrying amount	1,582	2	—	—	1,584
Loss allowance	2	—	—	—	2
Net Carrying amount	1,580	2	—	—	1,582

Financial guarantees credit risk exposures by rating grades

2020

Group and Bank In millions of USD	12-month ECL (Stage 1)	Lifetime ECL not credit-impaired (Stage 2)	Lifetime ECL credit-impaired (Stage 3)	Purchased credit-impaired	Total
BBB+ to BBB-	—	—	—	—	—
B+ and below	—	—	—	—	—
Gross Carrying amount	—	—	—	—	—
Loss allowance	—	—	—	—	—
Net Carrying amount	—	—	—	—	—

					2019
Group and Bank In millions of USD	12-month ECL (Stage 1)	Lifetime ECL not credit-impaired (Stage 2)	Lifetime ECL credit-impaired (Stage 3)	Purchased credit-impaired	Total
BBB+ to BBB-	50	–	–	–	50
B+ and below	155	–	–	–	155
Gross Carrying amount	205	–	–	–	205
Loss allowance	3	–	–	–	3
Net Carrying amount	202	–	–	–	202

Loan commitment credit risk exposures by rating grades

					2020
Group and Bank In millions of USD	12-month ECL (Stage 1)	Lifetime ECL not credit-impaired (Stage 2)	Lifetime ECL credit-impaired (Stage 3)	Purchased credit-impaired	Total
AA+ to AA-	28	–	–	–	28
A+ to A-	40	–	–	–	40
BBB+ to BBB-	597	–	–	–	597
BB+ to BB-	163	–	–	–	163
B+ and below	464	42	7	–	513
Gross Carrying amount	1,292	42	7	–	1,341
Loss allowance	5	1	–	–	6
Net Carrying amount	1,287	41	7	–	1,335

					2019
Group and Bank In millions of USD	12-month ECL (Stage 1)	Lifetime ECL not credit-impaired (Stage 2)	Lifetime ECL credit-impaired (Stage 3)	Purchased credit-impaired	Total
AA+ to AA-	168	–	–	–	168
A+ to A-	346	11	–	–	357
BBB+ to BBB-	785	–	–	–	785
BB+ to BB-	347	–	–	–	347
B+ and below	724	80	1	–	805
Gross Carrying amount	2,370	91	1	–	2,462
Loss allowance	1	–	–	–	1
Net Carrying amount	2,369	91	1	–	2,461

Risk Mitigation

CSi actively manages its credit exposure utilising credit hedges and monetisable collateral (cash and marketable securities). Credit hedges represent the notional exposure that has been transferred to other market counterparties generally through the use of credit default swaps. CSi also actively enters into collateral arrangements for OTC derivatives and other traded products which allow it to limit the counterparty exposure risk associated with these products. Collateral taken generally represents cash or government securities although other securities may be accepted. The value of collateral reflected as a risk mitigant is net of an appropriate haircut. Collateral securing loan transactions includes:

- Financial collateral pledged against loans collateralised by securities (mostly cash and marketable securities); and
- Physical collateral (real estate property for mortgages, mainly retail residential, but also multi-family buildings, offices and commercial properties); and
- Other types of lending collateral such as accounts receivable, inventory and plant and equipment

Credit approval and reviews

A primary responsibility of CRM is the approval of new counterparty trading relationships and the subsequent on-going review of the creditworthiness of the client. Part of the review and approval process involves the consideration of the motivation of the client and the directional nature of the trading in which the client is engaged. Credit limits are sized to the level of comfort the CRM

officer has with the strategy of the counterparty, the level of disclosure of financial information and the amount of risk mitigation that is present in the trading relationship (e.g. level of collateral).

Wrong-way risk ('WWR')

Wrong-way exposures

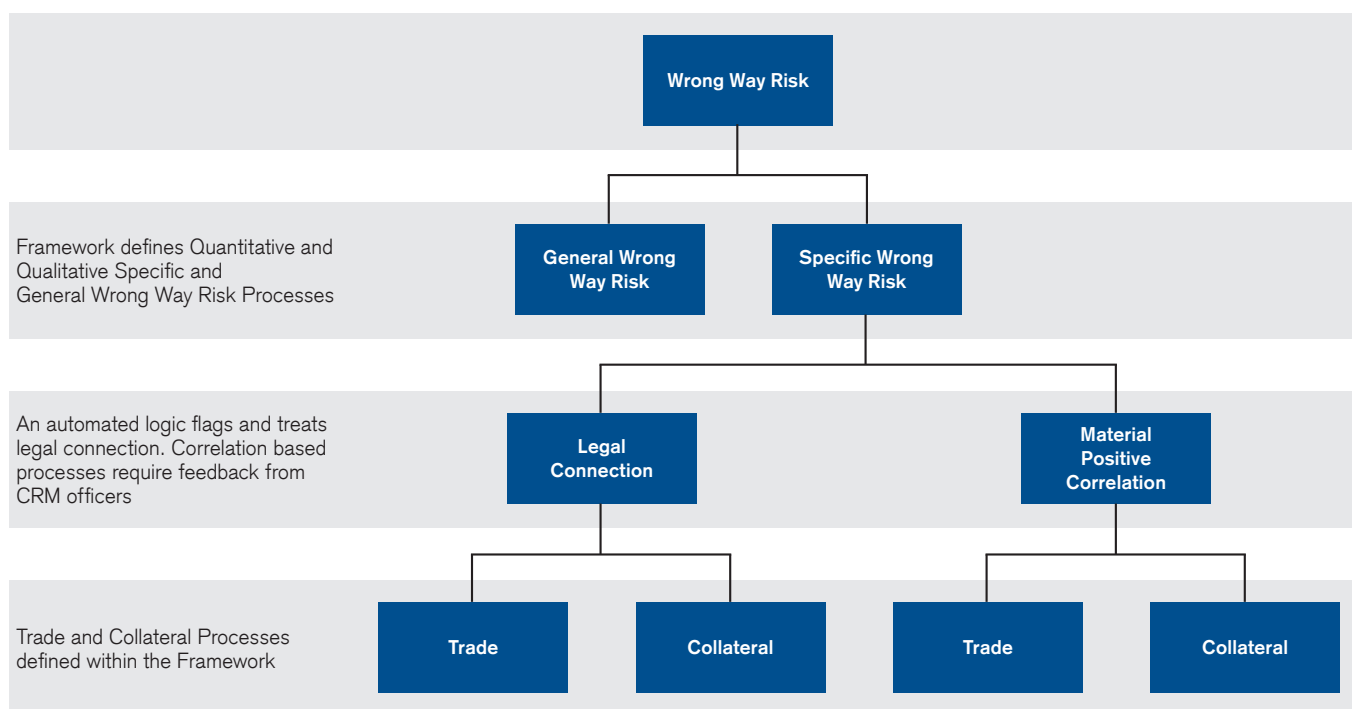
In a wrong-way trading situation, the Bank's exposure to the counterparty increases while the counterparty's financial health and its ability to pay on the transaction diminishes. Capturing WWR requires the establishment of basic assumptions regarding

correlations within a given trading product. The Bank has multiple processes that allow us to capture and estimate WWR.

Exposure adjusted risk calculation

WWR can arise from different business relationships.

An exposure methodology based on jump-to-default assumptions, ineligibility of collateral or scenario-based add-ons is in place to identify and adjust exposures for all WWR types as per the distinction in the following table below.



With respect to general WWR, a scenario-based exposure add-on is applied to those counterparties identified following the quantitative and qualitative review from Credit Officers where the Basel III exposure is not deemed sufficient to capture the additional risk fully.

Wrong-way risk monitoring

Regular reporting of WWR at both the individual trade and portfolio level allows WWR to be monitored and corrective action taken by CRM in the case of heightened concern. Transactions containing WWR due to legal connection are automatically flagged and included in regular reporting. General WWR and transactions containing specific WWR due to correlation are flagged to CRM officers for confirmation and then included into regular reporting. The outcome of the WWR identification process is subject to regular review by the UK CRM management team.

Settlement Risk

Settlement risk arises whenever the settlement of a transaction results in timing differences between the disbursement of cash

or securities and the receipt of counter-value from the counterparty. This risk arises whenever transactions settle on a 'free of payment' basis and is especially relevant when operating across time zones.

In those instances where market convention and/or products preclude a value-for-value exchange, CSi manages its risk through confirmation and affirmation of transaction details with counterparties. In order to reduce gross settlement risk, CSi leverages clearing houses, central counterparties and central settlement services, and will also net gross cash flows with a given counterparty where possible. CSi group proactively seeks to manage the timing of settlement instructions to agents and the reconciliation of incoming payments in order to reduce the window of exposure. In addition, CRM establishes and monitors limits to control the amount of settlement risk incurred to each counterparty.

v) Country Risk

Country risk is the risk of a substantial, systemic loss of value in the financial assets of a country or group of countries, which may

be caused by dislocations in the credit, equity and/or currency markets. CSi CRM has incorporated country limits into its Credit Risk Appetite Framework in order to mitigate this risk in CSi.

For CSi, country limits are set for both developed and emerging markets, based on a potential future exposure view and on a scenario view respectively. Upon CSi CRM recommendation, maximum appetite and country limits are calibrated and approved by the CSi RMC on an annual basis or, if warranted by a fundamental change in strategy or market conditions, more frequently. The measurement of exposures against country limits is reported to CSi CRM dedicated teams and senior management. Front Office representatives are responsible for ensuring limits are respected and any breach is promptly managed. CRM provide independent oversight to ensure that businesses operate within their limits.

vi) Legal (including Regulatory) Risk

The CS group is subject to legal risks in its businesses. Legal risks include, among other things, the risk of litigation (for example, as a result of mis-selling claims), disputes (for example, over the terms of legacy trades); the inadequacy of transaction documentation (for example, ambiguous terms); unenforceability (for example, of security arrangements); uncertainty with respect to applicable laws and regulations (including change in laws or regulations); and employee disputes. Some of these risks result in claims against the firm which the firm defends, settles or results in actual litigation, in each case, that the CS group may incur legal expenses to defend.

The CS group assesses its legal risk and manages it through a combination of controls, including the adoption of policies, the implementation of processes and the use of systems, continuing to refine controls as business activities evolve and the laws that the CS group is subject to change. One of the key controls is the involvement of the General Counsel function and engagement of outside legal counsel. In addition, the CS group is an active participant in a number of key industry and other professional market forums including International Swaps and Derivatives Association ('ISDA') and the Association for Financial Markets in Europe ('AFME').

As a participant in the financial services industry, the CS group is subject to extensive regulation by governmental agencies, supervisory authorities and self-regulatory organisations around the world. Such regulation is increasingly more extensive and complex in its application, in particular, as laws increasingly purport to be extra-territorial and additional obligations may arise where clients are subject to differing regulatory obligations, in practice, requiring the group to be compliant with such obligations also. These regulations may increase the costs of doing existing business for both the firm and its clients, including the application of increased capital, leverage and liquidity requirements, customer protection and market conduct regulations and direct or indirect restrictions on the businesses in which the CS group may operate. Such requirements can have a negative effect on the CS group's business and ability to implement strategic initiatives.

The financial services industry continues to be affected by significant complexity of ongoing regulatory reforms, alongside more recently, the significant impact of the firm's planning for a Hard Brexit. Changes in laws, rules or regulations, or in their interpretation or enforcement, or the implementation of new laws, rules or regulations, may adversely affect the CS group.

vii) Non-financial risk

Definition and sources of non-financial risk

Non-financial risk is the risk of an adverse direct or indirect impact originating from sources outside the financial markets, including but not limited to operational risk, technology risk, cyber risk, compliance and regulatory risk, legal risk and conduct risk. Non-financial risk is inherent in most aspects of our business, including the systems and processes that support our activities. It comprises a large number of disparate risks that can manifest in a variety of ways. Examples include the risk of damage to physical assets, business disruption, failures relating to third-party processes, data integrity and trade processing, cyber attacks, internal or external fraudulent or unauthorized transactions, inappropriate cross-border activities, money laundering, improper handling of confidential information, conflicts of interest, improper gifts and entertainment and failure in duties to clients.

Non-financial risk can arise from a wide variety of internal and external forces, including human error, inappropriate conduct, failures in systems, processes and controls, deliberate attack or natural and man-made disasters. Outsourcing and external third parties may also create risks around maintaining business processes, system stability, data loss, data management, reputation and regulatory compliance. The main categories and sources of non-financial risk are described below.

Operational risk

Operational risk is the risk of an adverse impact arising from inadequate or failed internal processes, people or systems, or from external events. Operational risk does not include business and reputational risks; however, some operational risks can lead to reputational issues and as such these risks may be closely linked.

Compliance risk

Compliance risk is the risk of legal or regulatory sanctions or financial loss that may result from the failure to comply with applicable laws, regulations, rules or market standards.

Regulatory risk

Regulatory risk is the risk that changes in laws, regulations, rules or market standards may limit our activities and have a negative effect on our business or our ability to implement strategic initiatives, or can result in an increase in operating costs for the business or make our products and services more expensive for clients.

Enterprise Risk & Control Framework('ERCF')

To effectively manage non-financial risks, the CS group-wide ERCF focuses on the early identification, recording, assessment, monitoring, prevention and mitigation of these risks, as

well as timely and meaningful management reporting. Under the ERCF, CSi integrated the operational risk framework and all of its components with the compliance risk components to further harmonise our approach to non-financial risk. The assessment processes for operational and compliance risks are closely coordinated, resulting in an enhanced risk and control self-assessment ('RCSA') that covers both risk types in a more consistent manner. Also, standardised CS group-wide role descriptions define the responsibilities for identification, evaluation, mitigation, monitoring and reporting of non-financial risks across the organisation. A systematic key control activities framework forms part of the ERCF. This framework applies consistent standards and approaches to the identification, documentation and assessment of key controls across the CS group.

The ERCF provides a structured approach to managing operational and compliance risks. It seeks to apply consistent standards and techniques for evaluating risks across CSi while providing individual businesses with sufficient flexibility to tailor specific components to their own needs, as long as they meet group-wide minimum standards. The main components of the ERCF are:

Governance and policies are fundamental to ERCF. Effective governance processes establish clear roles and responsibilities for managing non-financial risk and define appropriate escalation processes for outcomes that are outside expected levels. CS group utilise a comprehensive set of policies and procedures that set out how employees are expected to conduct their activities.

- Each business area takes responsibility for its non-financial risks and the provision of adequate resources and procedures for the management of those risks. Businesses are supported by designated second line of defense operational risk and compliance teams that are responsible for independent risk oversight, methodologies, tools and reporting within their areas as well as working with management on any non-financial risk issues that arise. Businesses and relevant control functions meet regularly to discuss non-financial risk issues and identify required actions to mitigate risks.
- The operational risk management and compliance functions are jointly responsible for setting minimum standards with policies and procedures for non-financial risks. This includes ensuring the cohesiveness of policies, tools and practices throughout the CS group particularly with regard to the identification, evaluation, mitigation, monitoring and reporting of these risks.
- Non-financial risk exposures, metrics, issues and remediation efforts are discussed at the quarterly CARMC meetings of the internal control system cycle and at legal entity operational risk and compliance management committees, which have senior representatives from all relevant functions.

Non-financial risk appetite is based on self-imposed constraints which define the level of risk (considering all controls in place) CSi is willing to take in pursuit of the Bank's business activities. It includes the drivers for taking, accepting or avoiding certain types of risks, products or exposures. Senior

management express their non-financial risk appetite in terms of quantitative tolerance levels that apply to operational risk incidents (which may also arise due to compliance issues) and qualitative statements covering outcomes that should be avoided. Senior management also defines market area and client risk appetites. The risk appetites are defined with the relevant risk management committees in agreement with the operational risk management and compliance functions.

Non-financial risk taxonomy contains a complete catalogue of non-financial risks which may arise as a consequence of the Bank's activities. It provides a consistent approach to the identification and classification of these risks across the CS group.

Non-financial key controls are documented and assessed under a common controls assessment framework, ensuring that key controls are identified, documented, and assessed consistently and comprehensively, with a focus on the most significant risks and associated key controls. The Bank utilizes a comprehensive set of internal controls that are designed to ensure that its activities follow agreed policies and that processes operate as intended. Key controls are subject to independent testing to evaluate their effectiveness. The results of these tests are considered by other ERCF components, such as in the Risk and Control Self-Assessment ('RCSA') process.

Non-financial metrics are risk and control indicators that are used to provide an early warning of increasing risk exposure to non-financial risks in various areas of the organisation. A key control indicator is defined as a metric that assesses and monitors the effectiveness of one or several controls. Principles and minimum standards apply to the identification, selection, mapping, and threshold setting of metrics that are linked to the Non-Financial Risk Appetite and Key Non-Financial.

Incidents describes the process in which the Bank systematically collects, analyses and reports data on non-financial risk incidents to ensure that it understands the reasons why they occurred and how controls can be improved to reduce the risk of future incidents. The Bank focuses both on incidents that result in economic losses and on events that provide information on potential control gaps, even if no losses occurred. The Bank also collects and utilises available data on incidents at relevant peer firms to identify potential risks that may be relevant in the future, even if they have not impacted the legal entity. Incident data is also a key input for our operational risk capital models and other analytics.

- **Risk and control self-assessments ('RCSA')** are comprehensive, bottom-up assessments of the key operational and compliance risks in each business and control function. The process of preparing RCSAs comprises a self-assessment of the relevant business line or functional risk profile based on the risk taxonomy classifying risks under a standardised approach. It covers an assessment of the inherent risks of each business and control function, provides an evaluation of the effectiveness of the controls in place to mitigate these risks, determines the residual risk ratings and requires a decision to either

accept or remediate any residual risks. In the case of remediation, mitigating actions are defined and approved by management. While these are self-assessments, they are subject to independent review and challenge by relevant risk management functions to ensure that they have been conducted appropriately. RCSAs utilise other components of the ERCF, such as metrics and incidents, and they generate outputs that are used to manage and monitor risks.

- **Compliance risk assessment** is the process which provides the framework for the independent second line compliance function to formally assess the overall compliance and regulatory risks associated with a particular business unit or business activity. The results are used to identify potential or actual areas of risk in the business which also assists compliance management in planning the compliance objectives to mitigate risks identified. This risk assessment consists of an analysis of the inherent risk and control effectiveness aligned to the compliance risk categories and is performed at the level of a risk unit. Quantitative metrics are leveraged wherever possible, supplementing the qualitative assessments. Upon completion of the assessment, overall risk unit ratings are established through a compliance divisional, legal entity and CS group-wide review and mitigating actions are identified as appropriate. The results of the compliance risk assessment are presented to the CSG Board of Directors and Audit Committee, and the CSi Board of Directors.

Key Non-financial risks are identified at the legal entity level and represent the most significant risks requiring senior management attention. They are generated through a combination of top-down assessment by senior management and a bottom-up process collating the main themes arising from the RCSA and compliance risk assessment processes. Where appropriate, remediation plans are put in place with ownership by senior management.

Issues and action management encompasses a structured approach to responding to non-financial risk incidents and breaches of non-financial quantitative and qualitative risk appetite or metrics, as well as continuous monitoring of remediation actions against identified control issues. Further, the compliance and regulatory responses function consolidates and monitors issues and actions including audit, regulatory, self-identified and second line identified issues and actions. The operational risk incident management component includes a defined process for identifying, categorising, investigating, escalating and remediating incidents. These reviews seek to assess the causes of control weaknesses, establish appropriate remediation actions and ascertain whether events have implications for other businesses or could have potential impact in the future. They can result in recommendations to impose restrictions on businesses while operational risk management processes and controls are improved. The breach component provides a methodology for evaluating breaches of quantitative and qualitative risk appetite statements. Its goal is to provide senior management with the information needed to make decisions on how to best remediate issues that fall outside agreed risk appetite levels.

Targeted reviews are focused evaluations with the objective to take a proactive approach in identifying potential risks, control deficiencies, and/or trends. Where applicable, output consists of:

- Root cause/drivers, including impact to risk profile
- Identification of sustainable measures to mitigate relevant risk exposure
- Info/data for further analyses/metrics and monitoring, including potential for Global Read-Across ('GRA') activities/reviews

Reviews will differ in terms of approach, scope and extent of procedures depending upon a number of factors, such as: impact and/or exposure to the identified risk and corresponding objective(s) to mitigate re-occurrence and/or exposure.

Non-Financial scenario analysis is a risk management tool used to inform the forward-looking view of risks for hypothetical non-financial risk events and it is used for risk management, risk measurement, capital planning, and required to comply with regulation. These scenarios help businesses assess the suitability of controls in light of potential losses, and they are also an input to the internal models used by the CS group to calculate stressed loss projections as well as economic and regulatory capital. More specifically, **the non-financial stress testing** assesses the impact of specific events during a defined economic downturn on net income and regulatory capital across a number of operational risk categories. **Operational Risk regulatory capital** is based on the Business Indicator Approach which for the internal capital adequacy assessment process is supplemented by internal models and scenario analysis.

Transfer of operational risk to third-party insurance companies

In addition to managing and mitigating operational risks under the ERCF through business- and risk-related processes and organisation, CS group also transfers the risk of potential loss from certain operational risks to third-party insurance companies in certain instances.

viii) Conduct Risk

CSi considers conduct risk to be the risk that improper behaviour or judgement by our employees may result in a negative financial, non-financial or reputational impact to our clients, employees or the Bank, or negatively impact the integrity of the financial markets. Conduct risk may arise from a wide variety of activities and types of behaviours. A Group-wide definition of conduct risk supports the efforts of our employees to have a common understanding of and consistently manage and mitigate our conduct risk. Further, it promotes standards of responsible conduct and ethics in our employees. Managing conduct risk includes consideration of the risks generated by each business and the strength of the associated mitigating controls. Conduct risk is also assessed by reviewing and learning from past incidents within the CS group and at other firms in the financial services sector.

CSi group seeks to promote responsible behaviour through the Code of Conduct, which provides a clear statement on the conduct standards and ethical values that the Bank expects of its

employees and members of the Board, so that it maintains and strengthens its reputation for integrity, fair dealing and measured risk-taking. In addition, our cultural values, which include inclusion, meritocracy, partnership, accountability, client focus, and trust, are a key part of the Bank's effort to embed its core values into its business strategy and the fabric of the organisation.

The Code of Conduct and the set of Cultural Values are linked to the employee performance assessment and compensation processes.

ix) Technology risk

Technology risk deserves particular attention given the complex technological landscape that covers our business model. Ensuring that confidentiality, integrity and availability of information assets are protected is critical to our operations.

Technology risk is the risk that system-related failures, such as service outages or information security incidents, may disrupt business activities. Technology risk is inherent not only in our IT assets, but also in the people and processes that interact with them including through dependency on third-party suppliers and the worldwide telecommunications infrastructure. CSi group seeks to ensure that the data used to support key business processes and reporting is secure, complete, accurate, available, timely and meets appropriate quality and integrity standards. CS group requires our critical IT systems to be identified, secure, resilient and available and support our ongoing operations, decision-making, communications and reporting. CS group systems must also have the capability, capacity, scalability and adaptability to meet current and future business objectives, the needs of our customers and regulatory and legal expectations. Failure to meet these standards and requirements may result in adverse events that could subject us to reputational damage, fines, litigation, regulatory sanctions, financial losses or loss of market share. Technology risks are managed through our technology risk management program, business continuity management plan and business contingency and resiliency plans. Technology risks are included as part of our overall enterprise risk and control assessment based upon a forward-looking approach focusing on the most significant risks in terms of potential impact and likelihood.

Cyber Risk

Cyber risk, which is part of technology risk, is the risk that we will be compromised as a result of cyber attacks, security breaches, unauthorised access, loss or destruction of data, unavailability of service, computer viruses or other events that could have an adverse security impact. Any such event could subject the Bank to litigation or cause it to suffer a financial loss, a disruption of our businesses, liability to our clients, regulatory intervention or reputational damage. CS group could also be required to expend significant additional resources to modify our protective measures or to investigate and remediate vulnerabilities or other exposures.

CSi group recognises that cyber risk represents a rapidly evolving, external risk landscape. The financial industry continues to face cyber threats from a variety of actors who are driven by monetary, political and other motivations. CS group actively monitors external incidents and threats and assesses and responds accordingly to any potential vulnerabilities that this may reveal. CS group is also an active participant in industry forums and information exchange initiatives and engages in regulatory consultation on this subject.

CS group have an enterprise-wide Cybersecurity Strategy to provide strategic guidance as part of our efforts to achieve an optimised end-to-end security and risk competence that enables a secure and innovative business environment, aligned with the CS group risk appetite. CS group technology security team leverages a wide array of leading technology solutions and industry best practices to support our ability to maintain a secure perimeter and detect and respond to threats in real time.

CSi group regularly assesses the effectiveness of our key controls and CS group conduct ongoing employee training and awareness activities, including for key management personnel, in order to embed a strong cyber risk culture. As part of the Enterprise and Risk Control Framework, the CSi Board as well as CSi risk management committee are given updates on the broader technology risk exposure.

Senior management, including the CSi Board and its Risk Committee are regularly informed about broader technology risk exposure and the threats and mitigations in place to manage cyber incidents. Notable incidents are escalated to the Risk Committee together with lessons learned and mitigation plans. Related business continuity and cyber incident response plans are rehearsed at all levels, up to and including the Board.

x) Reputational Risk

CSi highly values its reputation and is fully committed to protecting it through a prudent approach to risk-taking, and responsible approach to business. This is achieved through use of dedicated processes, resources and policies focused on identifying, evaluating, managing and reporting potential reputational risks. This is also achieved through applying the highest standards of personal accountability and ethical conduct as set out in the CS group Code of Conduct, and the firm's approach to Conduct and Ethics.

CSi acknowledges that as a large global financial institution, with a wide range of businesses and stakeholders, it may be subject to general criticism or negative perception from time to time which may negatively impact its reputation.

CSi also acknowledges that it will knowingly engage in specific activities where opinions may vary depending on the perspective and standpoint of each party, and which may lead to negative perception from some stakeholders.

In both these cases, CSi accepts reputational risk only where CS group can justify at the time decisions are taken that:

- The activity is in line with our stated Code of Conduct, and Conduct and Ethics Standards;
- Informed judgement is exercised in line with our internal sector policies and thematic guidelines, including region specific concerns or mitigation, where applicable.

CSi has no appetite for engaging in activity that exposes CS group to reputational risk where these conditions are not met.

CSi has adopted the Global Policy on Reputational Risk ('the Policy') which states that each employee is responsible for assessing the potential reputational impact of all businesses in which they engage, and for determining whether any actions or transactions should be formally submitted through the Reputational Risk Review Process ('RRRP') for review.

Reputational risk may arise from a variety of sources, including, but not limited to, the nature or purpose of a proposed transaction, action or client relationship, the identity or nature of a potential client, the regulatory or political climate in which the business will be transacted or significant public attention surrounding the transaction itself.

The CSi Board has delegated reputational risk issues to be reviewed via the Bank's global RRRP which includes an overview of the transaction or action being considered, the risks identified and relevant mitigating factors and views from internal subject matter experts. All formal submissions in the RRRP require review by the UK Senior Manager in the relevant division, and assuming they are supportive of the proposal are then subsequently referred to the CSi's Reputational Risk Approvers ('RRA'), each of who is independent of the business divisions assesses and determines whether the proposed activity is within the appetite of the firm. If the RRA considers there to be a material reputational risk associated with a submission, it is escalated to the IB EMEA Reputational Risk Committee ('the Committee') for further discussion, review and final decision. The Committee is comprised of senior Bank entity management across divisions and corporate functions.

Reputational risk is assessed on an entity based approach whereby the region of the RRRP submission is driven by the location of the booking entity. Where a submission relates to a Remote Booking, a submission will be made through to EMEA RRRP and the RRAs in other regions will be consulted as appropriate, which may include escalation to the relevant regional committee

46 Offsetting of Financial Assets and Financial Liabilities

The disclosures set out in the following tables below include derivative instruments, reverse repurchase and repurchase agreements, securities lending and borrowing transactions, and other assets and liabilities that:

- are offset in the CSi group's Consolidated Statement of Financial Position; or
- are subject to an enforceable master netting agreement or similar agreement (enforceable master netting agreements), irrespective of whether they are offset in the CSi group's Consolidated Statement of Financial Position.

Similar agreements include derivative clearing agreements, global master repurchase agreements, global master securities lending agreements, and any related rights to financial collateral.

Financial instruments such as loans and Due to Banks are not disclosed in the following tables. They are not offset in the Consolidated Statement of Financial Position.

Derivatives

The CSi group transacts bilateral OTC derivatives (OTC derivatives) mainly under International Swaps and Derivatives Association ('ISDA') Master Agreements. These agreements provide for the net settlement of all transactions under the agreement through a single payment in the event of default or termination under the agreement.

The above ISDA Master Agreements do not meet the criteria for offsetting in the Statement of Financial Position. This is because they create a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the CSi group or the counterparties or following other predetermined events. In addition CSi group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

Collateral for OTC derivatives is received and provided in the form of cash and marketable securities. Such collateral may be subject to the standard industry terms of an ISDA Credit Support Annex. The terms of an ISDA Credit Support Annex provide that securities received or provided as collateral may be pledged or sold during the term of the transactions and must be returned upon maturity of the transaction. These terms also give each counterparty the right to terminate the related transactions upon the other counterparty's failure to post collateral. Financial collateral received or pledged for OTC derivatives may also be subject to collateral agreements which restrict the use of financial collateral.

For exchange-traded derivatives and OTC-cleared derivatives, positive and negative replacement values and related cash collateral are offset if the terms of the rules and regulations governing these exchanges and central clearing counterparties permit such netting and offset because the CSi group:

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

To meet criterion (a), the right of set-off:

- must not be contingent on a future event; and
- must be legally enforceable in all of the following circumstances:
 - (i) the normal course of business;
 - (ii) the event of default; and
 - (iii) the event of insolvency or bankruptcy of the entity and all of the counterparties.

Criterion (b) may only be met, if – depending on the settlement mechanism – certain criteria are met (e.g. derivatives with the same currency).

Where no such agreements exist, fair values are recorded on a gross basis.

Exchange traded derivatives or OTC cleared derivatives that are fully margined and for which the daily margin payment constitute settlement of the outstanding exposure are not included in the offsetting disclosures because they are not subject to offsetting due to daily settlement. The daily margin payments which are unsettled until the next settlement cycle is conducted are presented in brokerage receivables or brokerage payables.

Under IFRS, the CSi group has elected to account for substantially all financial instruments with an embedded derivative that is not considered closely related to the host contract at fair value. Where these hybrid financial instruments are subject to an enforceable master netting agreement or similar agreement, they are included in the tables.

The following table presents the gross amount of derivative instruments subject to enforceable master netting agreements, the amount of offsetting, the amount of derivatives not subject to enforceable master netting agreements and the net amount presented in the Consolidated Statement of Financial Position.

Offsetting of derivative instruments

(USD million)

Group	2020			2019		
	Gross	Offsetting	Net ²	Gross	Offsetting	Net ^{2 & 3}
Derivative Assets						
Derivative instruments subject to enforceable master netting agreements	175,763	(23,419)	152,344	132,698	(13,584)	119,114
Derivative instruments not subject to enforceable master netting agreements ¹	5,626	–	5,626	1,861	–	1,861
Total derivative instruments presented in the Consolidated Statement of Financial Position	181,389	(23,419)	157,970	134,559	(13,584)	120,975
of which recorded in trading financial assets at fair value through profit or loss	181,356	(23,419)	157,937	134,548	(13,584)	120,964
of which recorded in other assets	33	–	33	11	–	11
Derivative Liabilities						
Derivative instruments subject to enforceable master netting agreements	172,794	(20,317)	152,477	133,598	(13,200)	120,398
Derivative instruments not subject to enforceable master netting agreements ¹	1,524	–	1,524	2,648	–	2,648
Total derivative instruments presented in the Consolidated Statement of Financial Position	174,318	(20,317)	154,001	136,246	(13,200)	123,046
of which recorded in trading financial liabilities mandatorily at fair value through profit or loss	174,318	(20,317)	154,001	136,244	(13,200)	123,044
of which recorded in other liabilities	–	–	–	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 Above table includes Assets and Liabilities held for sale. Details are included in Note – 30 Discontinued Operations and Assets and Liabilities 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.

(USD million)

Bank	2020			2019		
	Gross	Offsetting	Net ²	Gross	Offsetting	Net ^{2 & 3}
Derivative Assets						
Derivative instruments subject to enforceable master netting agreements	175,763	(23,419)	152,344	132,699	(13,584)	119,115
Derivative instruments not subject to enforceable master netting agreements ¹	5,627	–	5,627	1,861	–	1,861
Total derivative instruments presented in the Statement of Financial Position	181,390	(23,419)	157,971	134,560	(13,584)	120,976
of which recorded in trading financial assets at fair value through profit or loss	181,357	(23,419)	157,938	134,549	(13,584)	120,965
of which recorded in other assets	33	–	33	11	–	11
Derivative Liabilities						
Derivative instruments subject to enforceable master netting agreements	172,794	(20,317)	152,477	133,599	(13,200)	120,399
Derivative instruments not subject to enforceable master netting agreements ¹	1,525	–	1,525	2,648	–	2,648
Total derivative instruments presented in the Statement of Financial Position	174,319	(20,317)	154,002	136,247	(13,200)	123,047
of which recorded in trading financial liabilities mandatorily at fair value through profit or loss	174,319	(20,317)	154,002	136,245	(13,200)	123,045
of which recorded in other liabilities	–	–	–	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 Above table includes Assets and Liabilities held for sale. Details are included in Note – 30 Discontinued Operations and Assets and Liabilities 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.

Reverse repurchase and repurchase agreements and securities lending and borrowing transactions

Reverse repurchase and repurchase agreements are generally covered by global master repurchase agreements. In certain situations, for example in the event of default, all contracts under the agreements are terminated and are settled net in one single payment. Global master repurchase agreements also include payment or settlement netting provisions in the normal course of business that state that all amounts in the same currency payable by each party to the other under any transaction or otherwise under the global master repurchase agreement on the same date shall be set off.

Bilateral reverse repurchase and repurchase transactions are netted in the Consolidated Statement of Financial Position if the global master repurchase agreements permit such netting and offset because CSi group:

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

The net settlement criterion in (b) will also be met, if the CSi group can settle amounts in a manner such that the outcome is, in effect, equivalent to net settlement. This will occur if, and only if, the gross settlement mechanism has features that eliminate or result in insignificant credit and liquidity risk, and that will process receivables and payables in a single settlement process or cycle.

The amounts offset are measured on the same basis as the underlying transaction (i.e. on an accrual basis or fair value basis).

Securities lending and borrowing transactions are generally executed under global master securities lending agreements with netting terms similar to ISDA Master Agreements. In certain situations, for example in the event of default, all contracts under the agreement are terminated and are settled net in one single payment. Transactions under these similar agreements are not netted in the Consolidated Statement of Financial Positions because most securities lending and borrowing transactions do not meet the criterion of having the same settlement date specified at inception of the transaction, and therefore they are not eligible for netting in the Consolidated Statement of Financial Positions apart from the other conditions to be met for netting.

Reverse repurchase and repurchase agreements are collateralised principally by government securities, money market instruments and corporate bonds and have terms ranging from overnight to a longer or unspecified period of time. In the event of counterparty default, the reverse repurchase agreement or securities lending agreement provides CSi group with the right to liquidate the collateral held. As is the case in CSi group's normal course of business, CSi actively manages collateral, and relevant collateral received that may be sold or repledged was sold or repledged as of 31 December 2020 and 31 December 2019. In certain circumstances, financial collateral received may be restricted during the term of the agreement (e.g. in tri-party arrangements).

The following table presents the gross amount of securities purchased under resale agreements and securities borrowing transactions subject to enforceable master netting agreements, the amount of offsetting, the amount of securities purchased under resale agreements and securities borrowing transactions not subject to enforceable master netting agreements and the net amount presented in the Consolidated Statement of Financial Position.

Offsetting of securities purchased under resale agreements and securities borrowing transactions

Group and Bank (USD million)	2020			2019		
	Gross	Offsetting	Net	Gross	Offsetting	Net
Securities purchased under resale agreements and securities borrowing transactions						
Securities purchased under resale agreements	23,003	(73)	22,930	22,907	(330)	22,577
Securities borrowing transactions	1,632	–	1,632	3,330	–	3,330
Total subject to enforceable master netting agreements	24,635	(73)	24,562	26,237	(330)	25,907
Total not subject to enforceable master netting agreements ¹	879	–	879	118	–	118
Total	25,514	(73)	25,441	26,355	(330)	26,025

¹ Represents securities purchased under resale agreements and securities borrowing transactions where a legal opinion supporting the enforceability of netting in the event of default or termination under the agreement is not in place.

The following table presents the gross amount of securities sold under repurchase agreements and securities lending transactions subject to enforceable master netting agreements, the amount of offsetting, the amount of securities sold under repurchase

agreements and securities lending transactions not subject to enforceable master netting agreements and the net amount presented in the Consolidated Statement of Financial Position.

Offsetting of securities sold under repurchase agreements and securities lending transactions

Group (USD million)	2020			2019		
	Gross	Offsetting	Net	Gross	Offsetting	Net
Securities sold under repurchase agreements and securities lending transactions						
Securities sold under repurchase agreements	15,312	(73)	15,239	10,795	(330)	10,465
Securities lending transactions	4,271	–	4,271	2,204	–	2,204
Total subject to enforceable master netting agreements	19,583	(73)	19,510	12,999	(330)	12,669
Total not subject to enforceable master netting agreements ¹	199	–	199	90	–	90
Total	19,782	(73)	19,709	13,089	(330)	12,759

¹ Represents securities sold under repurchase agreements and securities lending transactions where a legal opinion supporting the enforceability of netting in the event of default or termination under the agreement is not in place.

Bank (USD million)	2020			2019		
	Gross	Offsetting	Net	Gross	Offsetting	Net
Securities sold under repurchase agreements and securities lending transactions						
Securities sold under repurchase agreements	15,312	(73)	15,239	10,795	(330)	10,465
Securities lending transactions	4,271	–	4,271	2,204	–	2,204
Total subject to enforceable master netting agreements	19,583	(73)	19,510	12,999	(330)	12,669
Total not subject to enforceable master netting agreements ¹	199	–	199	94	–	94
Total ²	19,782	(73)	19,709	13,093	(330)	12,763

¹ Represents securities sold under repurchase agreements and securities lending transactions where a legal opinion supporting the enforceability of netting in the event of default or termination under the agreement is not in place.

The following table presents the gross amount of Financial assets designated at fair value through profit or loss subject to enforceable master netting agreements, the amount of offsetting, the amount of Financial assets designated at fair value through profit

or loss not subject to enforceable master netting agreements and the net amount presented in the Consolidated Statement of Financial Position.

Group and Bank(USD million)	2020			2019		
	Gross	Offsetting	Net	Gross	Offsetting	Net
Other Assets						
Cash collateral on derivative instruments	41,477	(3,173)	38,304	31,619	(2,422)	29,197
Total subject to enforceable master netting agreements	39,737	(3,173)	36,564	27,322	(2,422)	24,900
Total not subject to enforceable master netting agreements	1,740	–	1,740	4,297	–	4,297
Total	41,477	(3,173)	38,304	31,619	(2,422)	29,197
Other Liabilities						
Cash collateral on derivative instruments	28,923	(72)	28,851	22,038	(2,037)	20,001
Total subject to enforceable master netting agreements	28,440	(72)	28,368	20,641	(2,037)	18,604
Total not subject to enforceable master netting agreements	483	–	483	1,397	–	1,397
Total	28,923	(72)	28,851	22,038	(2,037)	20,001

Offsetting of Funded Derivatives Assets

Group and Bank (USD million)	2020			2019		
	Gross	Offsetting	Net	Gross	Offsetting	Net
Funded Derivatives Assets ¹						
Funded Derivative instruments subject to enforceable master netting agreements	216	–	216	272	–	272
Funded Derivative instruments not subject to enforceable master netting agreements ²	114	–	114	124	–	124
Total Funded Derivatives Assets	330	–	330	396	–	396

¹ These represent funded derivatives included under Loans in Financial assets designated at fair value through profit or loss.

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

The following table presents the gross amount of Financial liabilities designated at fair value through profit or loss subject to enforceable master netting agreements, the amount of offsetting, the amount of Financial liabilities designated at fair value through

profit or loss not subject to enforceable master netting agreements and the net amount presented in the Consolidated Statement of Financial Position.

Offsetting of Funded Derivatives Liabilities

Group and Bank (USD million)	2020			2019		
	Gross	Offsetting	Net	Gross	Offsetting	Net
Funded Derivatives Liabilities ¹						
Funded Derivative instruments subject to enforceable master netting agreements	1,310	(108)	1,202	2,469	(889)	1,580
Funded Derivative instruments not subject to enforceable master netting agreements ²	1,378	–	1,378	443	–	443
Total Funded Derivatives Liabilities	2,688	(108)	2,580	2,912	(889)	2,023

¹ These represent funded derivatives included under structured notes in Note 19 Financial liabilities designated at fair value through profit or loss.

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

The following table presents the net amount presented in the Consolidated Statement of Financial Position of financial assets and liabilities subject to enforceable master netting agreements and the gross amount of financial instruments and cash collateral not offset in the Consolidated Statement of Financial Position. The gross amount of financial instruments not offset in the Consolidated Statement of Financial Position includes amounts related to recognised financial instruments that do not meet some or all of the offsetting

criteria in IAS 32.42 as well as non-cash financial collateral. The table excludes derivative instruments, reverse repurchase and repurchase agreements, securities lending and borrowing transactions and financial assets and liabilities designated at fair value through profit or loss not subject to enforceable master netting agreements where a legal opinion supporting the enforceability of netting in the event of default or termination under the agreement is not in place. Net exposure reflects risk mitigation in the form of collateral.

Amounts not offset in the Consolidated Statement of Financial Position

Group and Bank (USD million)	2020				2019			
	Net ¹	Financial instruments ²	Cash collateral received/pledged ²	Net exposure	Net ¹	Financial instruments	Cash collateral received/pledged ²	Net exposure
Financial assets subject to enforceable master netting agreements								
Derivative instruments	152,344	(123,333)	(21,924)	7,087	119,114 ³	(100,327)	(15,110)	3,677 ³
Securities purchased under resale agreements	22,930	(22,930)	–	–	22,577	(22,577)	–	–
Securities borrowing transactions	1,632	(1,632)	–	–	3,330	(3,330)	–	–
Funded derivative assets	216	(181)	–	35	272	(39)	–	233
Total financial assets subject to enforceable master netting agreements	177,122	(148,076)	(21,924)	7,122	145,293	(126,273)	(15,110)	3,910
Financial liabilities subject to enforceable master netting agreements								
Derivative instruments	152,477	(120,947)	(27,060)	4,470	120,398 ³	(98,659)	(20,962)	777 ³
Securities sold under repurchase agreements	15,239	(15,229)	(9)	1	10,465	(10,465)	–	–
Securities lending transactions	4,271	(4,271)	–	–	2,204	(2,204)	–	–
Funded derivative liabilities	1,202	(814)	–	388	1,580	(992)	–	588
Total financial liabilities subject to enforceable master netting agreements	173,189	(141,261)	(27,069)	4,859	134,647	(112,320)	(20,962)	1,365

¹ Net amount presented in the Consolidated Statement of Financial Position and subject to enforceable master netting agreements, as per the preceding tables.

² The total amount reported in financial instruments and cash collateral is limited to the net amount for the related instruments presented in the Consolidated Statement of Financial Position.

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.

Net exposure is subject to further credit mitigation through the transfer of the exposure to other market counterparties by the general use of CDS's. Therefore the net exposure presented in

the table is not representative for the CSi group's counterparty exposure.

47 Capital Adequacy

The Bank's capital adequacy is managed and monitored based on practices developed by the Basel Committee on Banking Supervision ('BCBS') and governed by European Union regulations as set by the European Banking Authority ('EBA'). These are set out in the Capital Requirements Regulation ('CRR') and the Capital Requirements Directive ('CRD'), collectively referred to as CRDIV.

The CS group considers a strong and efficient capital position to be a priority. Consistent with this, the Bank closely monitors its capital position on a continuing basis to ensure ongoing stability and support of its business activities. This monitoring takes account of the requirements of the current regulatory regime and any forthcoming changes to the capital framework or to the Bank's business model. The CS group continues to provide confirmation that it will ensure that the Bank is able to meet its debt obligations and maintain a sound financial position over the foreseeable future.

Multi-year business forecasts and capital plans are prepared by CSi, taking into account its business strategy and the impact of known regulatory changes. These plans are subjected to various stress tests, reflecting both macroeconomic and specific risk

scenarios, as part of the ICAAP. Within these stress tests, potential management actions, that are consistent with both the market conditions implied by the stress test and the stress test outcome, are identified. The results of these stress tests and associated management actions are updated regularly, as part of the ICAAP, with results documented and reviewed by the Board of Directors. The ICAAP then forms the basis for any SREP ('Supervisory Review and Evaluation Process') that the PRA conducts when assessing an institution's level of regulatory capital.

Own Funds

Own funds comprise a number of 'tiers'. Tier 1 capital principally comprises shareholders' equity (Common Equity Tier 1 ('CET1')). This is supplemented by Tier 2 capital, which consists mainly of subordinated debt instruments. Total capital equals the sum of these with adjustments including regulatory deductions and prudential filters.

The Bank's overall capital needs are reviewed to ensure that its own funds can appropriately support the anticipated needs of its businesses. The capital management framework is designed to ensure that own funds are sufficient to support the underlying

risks of the business activity, to meet the objectives of management and to meet the requirements of regulators, rating agencies and market participants.

During 2020, USD 12,704 million of share premium was reclassified to retained earnings. No repatriations took place during the

year. In 2019, USD 1,000 million of Tier 1 Capital was repatriated and USD 1100 million of Tier 2 subordinated debt was repaid to CS AG.

Overall movements in capital resources were as follows:

	2020	2019
Regulatory capital less deductions (USD million)		
Total regulatory capital less deductions at 1 January	20,307	22,267
Changes in Tier 2 instruments:		
Subordinated debt repayment	–	(796)
Net movement on Tier 2 capital ¹	3	(187)
Net Movement in shareholder's equity ²	221	61
Net movement in regulatory deductions and prudential filters	6	(1,038)
Total regulatory capital less deductions at 31 December	20,537	20,307

¹ Net movement on Tier 2 capital includes general provision.

² Net move in shareholders equity includes repatriation of capital, injection of share premium for the year, changes in retained earnings, other reserves and capital contribution reserve.

Under the BCBS guidelines, an institution must have a ratio of own funds to aggregate RWA of at least 8%. In addition, the EBA requires a CET1 ratio of 4.5% and a Tier 1 ratio of 6% in 2019 and 2018. The RWA reflect the credit, market, operational and other risks of the Bank calculated using methodologies set out in the CRR.

The Bank must at all times monitor and demonstrate compliance with the relevant own funds requirements of the CRR. The Bank has put in place processes and controls to monitor and manage its own funds and no breaches were reported to the PRA during the year.

The following table sets out details of CSi's own funds at 31 December 2020 and 2019.

	2020	2019
Regulatory capital less deductions (USD millions)		
Total shareholders' equity-Bank	23,007	22,786
Shareholders' equity	23,007	22,786
Other deductions:		
Regulatory deductions (Intangible assets)	(485)	(489)
Securitisation positions	(4)	(9)
DTA on non-temporary differences	(224)	(203)
Excess of expected loss amounts over credit risk adjustments	(129)	(145)
Defined benefit pension fund assets	(796)	(825)
Free Delivery	(29)	–
Prudential filters	(820)	(822)
Total Tier 1 capital	20,520	20,293
Tier 2 capital		
Subordinated debt	3	3
Standardised General Credit Risk Adjustments	14	11
Total Tier 2 capital	17	14
Total Tier 1 plus Tier 2 capital less Deductions	20,537	20,307

48 CSI's Subsidiaries and Associates

In accordance with Section 409 of the Companies Act 2006 a list of CSI's subsidiaries and associates, the country of

incorporation and the effective percentage of equity owned at 31 December 2020 is disclosed below.

	Country	Security	Immediate Parent	Ultimate Parent	Total (%)
31 December 2020					
Subsidiaries					
AI3 Segregated Portfolio	Cayman Islands ²	USD 100 Participating shares	Credit Suisse International	Credit Suisse Group AG	100
Andrea Investments (Jersey) PCC – Cell Series 1000 EUR	Jersey ²	EUR Preference shares	Andrea Investments (Jersey) PCC	Borowska Trust	100
Andrea Investments (Jersey) PCC – Cell Series 1000 USD	Jersey ²	USD Preference shares	Andrea Investments (Jersey) PCC	Borowska Trust	100
Credit Suisse First Boston Trustees Limited	United Kingdom ²	Ordinary Shares	Credit Suisse International	Credit Suisse Group AG	100
Global Bond Fund	Republic of Ireland ²	Investment Fund Share	Credit Suisse International	Credit Suisse Group AG	100
Xanthos Holding – Segregated Portfolio ³	Cayman Islands ²	Non-Participating USD 1 shares	Credit Suisse International	Credit Suisse Group AG	100
YI Active Spezial ESPA Fund.	Austria ²	Non-voting shares	Credit Suisse International	Credit Suisse Group AG	100
LHI Mid Market Buy-Out Europe LP ³	Guernsey ²	EUR shares	Credit Suisse International	Credit Suisse Group AG	80
Andrea Investments (Jersey) PCC	Jersey ²	No shares	Borowska Trust	Borowska Trust	– ¹
Andrea Investments (Jersey) PCC – Cell Series 1000 PC	Jersey ²	No shares	Andrea Investments (Jersey) PCC	Borowska Trust	– ¹
Argentum Capital Series 2017-59; 2016-49; 2017-81; 2016-43; 2016-25; 2016-06; 2015-79, 2014-09	Luxembourg ²	No shares	Argentum Capital S.A.	Argentum Capital S.A.	– ¹
Boats Investments (Jersey) Ltd Series 621,627,628,630,631,633,634,639,641, 642,643,645,646,647,648,649,654,655; 656;657	Jersey ²	No shares	Boats Investments (Jersey) Limited (Master Vehicle)	Boats Investments (Jersey) Limited (Master Vehicle)	– ¹
Clarus Securities Cayman SPC Limited	Cayman Islands ²	No shares	Credit Suisse International	Credit Suisse Group AG	– ¹
Clearwater Seller Limited	United Kingdom ²	No shares	Credit Suisse International	Credit Suisse Group AG	– ¹
Custom Markets QIF PLC	Republic of Ireland ²	No shares	Credit Suisse International	Credit Suisse Group AG	– ¹
Ecureuil Vie – Separate Account (EV) Segregated Portfolio	Cayman Islands ²	No shares	CNP Assurances SA	CNP Assurances SA	– ¹
HOLT Emerging Markets Equity Fund	Republic of Ireland ²	No shares	Credit Suisse International	Credit Suisse Group AG	– ¹
Interleuvenlaan 15 Real Estate Ltd	Gibraltar ²	No shares	Credit Suisse International	Credit Suisse Group AG	– ¹
Mistral SPC	Cayman Islands ²	No shares	Credit Suisse International	Credit Suisse Group AG	– ¹
Mistral SPC – Long/Short Equity	Cayman Islands ²	No shares	Credit Suisse International	Credit Suisse Group AG	– ¹
Morstan Investment B.V.	Netherlands	No shares	Credit Suisse International	Credit Suisse Group AG	– ¹
M & M Irs SPC	Cayman Islands ²	No shares	Credit Suisse International	Credit Suisse Group AG	– ¹
New Jersey S.A.	Luxembourg ²	No shares	Credit Suisse International	Credit Suisse Group AG	– ¹
Platinum Securities Netherlands B.V.	Netherlands ²	No shares	Platinum Securities Netherlands B.V.	Platinum Securities Netherlands B.V.	– ¹
Silver Hake Limited	Gibraltar ²	No shares	Credit Suisse International	Credit Suisse Group AG	– ¹
Westwood S.A	Portugal ²	No shares	Credit Suisse International	Credit Suisse Group AG	– ¹
Zephyros Limited	Cayman Islands ²	No shares	Credit Suisse Group AG	Credit Suisse Group AG	– ¹

¹ Subsidiaries included in Note 41 – Interests in Other Entities, where CSI does not hold any share capital.

² Detailed Registered Office address mentioned in next Table.

³ All subsidiaries in above table are consolidated except Xanthos Holding – Segregated Portfolio and LHI Mid Market Buy-Out Europe LP.

	Country	Registered Office
31 December 2020		
Subsidiaries		
AI3 Segregated Portfolio	Cayman Islands	Walkers SPV Limited Walker House, Mary Street PO Box 908GT George Town, Grand Cayman, Cayman Islands
Andrea Investments (Jersey) PCC – Cell Series 1000 EUR	Jersey	22 Grenville Street, St Helier, Channel Islands JE4 8PX, Jersey
Andrea Investments (Jersey) PCC – Cell Series 1000 USD	Jersey	22 Grenville Street, St Helier, Channel Islands JE4 8PX, Jersey
Credit Suisse First Boston Trustees Limited	United Kingdom	One Cabot Square London E14 4QJ -United Kingdom
Global Bond Fund	Republic of Ireland	2nd Floor, Block E, Iveagh Court, Harcourt Road, Dublin 2, Republic of Ireland
Xanthos Holding – Segregated Portfolio	Cayman Islands	Walkers SPV Limited Walker House, Mary Street PO Box 908GT George Town, Grand Cayman, Cayman Islands
YI Active Spezial ESPA Fund.	Austria	Am Belvedere 1, Vienna 1100, Austria
LHI Mid Market Buy-Out Europe LP	Guernsey	1 Royal Plaza Royal Avenue, St Peter Port, GY1 2HL, Guernsey
Andrea Investments (Jersey) PCC	Jersey	22 Grenville Street, St Helier, Channel Islands JE4 8PX, Jersey
Andrea Investments (Jersey) PCC – Cell Series 1000 PC	Jersey	22 Grenville Street, St Helier, Channel Islands JE4 8PX, Jersey
Argentum Capital Series 2017-59; 2016-49; 2017-81; 2016-43; 2016-25; 2016-06; 2015-79, 2014-09	Luxembourg	51, avenue John F. Kennedy ,Luxembourg L-1855, Luxembourg
Boats Investments (Jersey) Ltd Series 621,627,628,630,631,633,634,639,641,642, 643,645,646,647,648,649,654,655,656,657	Jersey	22 Grenville Street, St Helier JE2 4UF, Jersey
Clarus Securities Cayman SPC Limited	Cayman Islands	P.O Box 309 Ugland House, George Town, Grand Cayman KY1-1104, Cayman Island
Clearwater Seller Limited	United Kingdom	35 Great St. Helen's, London EC3A 6AP, United Kingdom
Custom Markets QIF PLC	Republic of Ireland	MFD Secretaries Limited, 2nd Floor Beaux Lane House, Dublin 2, Republic of Ireland
Ecureuil Vie – Separate Account (EV) Segregated Portfolio	Cayman Islands	PO Box 309, George Town, Grand Cayman KY1-1104, Cayman Islands
HOLT Emerging Markets Equity Fund	Republic of Ireland	2nd Floor, Beaux lane House Mercer Street, Lower Dublin, Republic of Ireland
Interleuvenlaan 15 Real Estate Ltd	Gibraltar	124 Irish Town, Gibraltar, Gibraltar
Mistral SPC	Cayman Islands	PO Box 309, GT Ugland House, South Church, Street George Town, Grand Cayman, Cayman Islands
Mistral SPC – Long/Short Equity	Cayman Islands	PO Box 309, GT Ugland House, South Church, Street George Town, Grand Cayman, Cayman Islands
Morstan Investment B.V.	Jersey	Prins Hendriklaan 26, Amsterdam 1075 BD, Netherlands
M & M Irs SPC	Cayman Islands	Queensgate House, South Church Street, George Town, Grand Cayman KY1-1102, Cayman Islands
New Jersey S.A.	Luxembourg	51, avenue John F. Kennedy ,Luxembourg L-1855, Luxembourg
Platinum Securities Netherlands B.V.	Netherlands	Prins Bernhardplein 200, Amsterdam 1097 JB, Netherlands
Silver Hake Limited	Gibraltar	Suite 7b & 8b, Finsbury Trust, 50 Town Range, PO Box 472, Gibraltar
Westwood S.A	Portugal	Edificio Atrium Saldanha Praça Duque de Saldanha, Lisbon 1050 094, Portugal
Zephyros Limited	Cayman Islands	PO Box 1093, GT Queensgate House, South Church Street, George Town, Grand Cayman, Cayman Islands

49 Subsequent Events

On 6 April 2021, CSG reported that it had incurred a provision for credit losses of CHF 4,430 million in Q1 2021 in respect of the failure by a US-based hedge fund on 26 March 2021 to meet its margin requirements. The US-based hedge fund was a client of CSi and the financial impact on CSi of this event was a charge of USD 4,669 million. Following the failure of the fund, CSG initiated the process of exiting the fund positions. To date, CSG estimates that it has exited 97% of the related positions. As a result, CSi has incurred additional losses in Q2 2021 of approximately USD 600 million during the process of closing out these positions. Notwithstanding this event and the impact it has had on CSi's financial performance and capital, CSi is in compliance with the relevant regulatory capital and liquidity requirements of the PRA. Following this event, CSi has reviewed exposures across its prime services business. The related risk and control governance processes are being strengthened. CSi also expects that its prime brokerage and prime financing business will be resized, with a primary focus on continuing to serve its most important franchise clients. Furthermore, the Board of Directors of CSG has initiated an externally-led investigation of this matter, which will be supervised by a special committee of the Board of Directors of CSG, of which Doris Honold, non-executive Director of CSi, is a member.

On 1 March 2021, the boards of the supply chain finance funds managed by certain CS group subsidiaries decided to suspend redemptions and subscriptions of those funds to protect the interests of the funds' investors. On 4 March 2021, the boards decided to terminate those funds and proceed to their liquidation. Those decisions were based on concerns that a substantial part of the funds' assets was subject to considerable valuation uncertainty. The assets held by the supply chain finance funds, largely consisting of notes backed by existing and future receivables,

were originated and structured by Greensill Capital (UK) Limited or one of its affiliates (Greensill Capital). CSi has entered into transactions and issued products that reference the shares of one of the supply chain finance funds and consequentially has exposure to the performance of these assets. A number of regulatory investigations and actions have been initiated or are being considered in respect of these matters. Furthermore, certain investors have already threatened litigation and, as this matter develops, CS group may become subject to litigation, disputes or other actions. It is reasonably possible that CS group will incur a loss in respect of these matters, albeit that given the early stage of this process, it is not yet possible to estimate the size of such a reasonably possible loss. Any such loss or a portion thereof arising from the transactions entered into or products issued by CSi could potentially impact CSi. The CS group, including CSi, continues to analyse these matters, including with the assistance of external counsel and other experts.

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

Country-by-country reporting

Independent auditors' report to the directors of Credit Suisse International

Report on the audit of the country-by-country information

Opinion

In our opinion, Credit Suisse International's group country-by-country information for the year ended 31 December 2020 has been properly prepared, in all material respects, in accordance with the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013.

We have audited the country-by-country information for the year ended 31 December 2020 in the Annual Report 2020.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)"), including ISA (UK) 800 and ISA (UK) 805, and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the country-by-country information section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the country-by-country information in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of matter - Basis of preparation

In forming our opinion on the country-by-country information, which is not modified, we draw attention to the relevant section of the country-by-country information which describes the basis of preparation. The country-by-country information is prepared for the directors for the purpose of complying with the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013. The country-by-country information has therefore been prepared in accordance with a special purpose framework and, as a result, the country-by-country information may not be suitable for another purpose.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from the date on which the country-by-country information is authorised for issue.

In auditing the country-by-country information, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the country-by-country information is appropriate.

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

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

Reporting on other information

The other information comprises all of the information in the Country-by-Country Report - description as defined in the second paragraph of the opinion section above other than the country-by-country information and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the country-by-country information does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

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

Responsibilities for the country-by-country information and the audit

Responsibilities of the directors for the country-by-country information

The directors are responsible for the preparation of the country-by-country information in accordance with the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013 as explained in the basis of preparation, and for determining that the basis of preparation and accounting policies are acceptable in the circumstances. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of country-by-country information that is free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the country-by-country information

It is our responsibility to report on whether the country-by-country information has been properly prepared in accordance with the relevant requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013.

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

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

Based on our understanding of the Credit Suisse International group and industry, we identified that the principal risks of non-compliance with laws and regulations related to securities markets, trading and other financial products and services including conduct of business, principally those determined by the Prudential Regulation Authority and the Financial Conduct Authority, and we considered the extent to which non-compliance might have a material effect on the country-by-country information. We also considered those laws and regulations that have a direct impact on the country-by-country information such as the Companies Act 2006 and the Capital Requirements (Country-by-Country Reporting) Regulations 2013. We evaluated management's incentives and opportunities for fraudulent manipulation of the country-by-country information (including the risk of override of controls), and determined that the principal risks were related to misstatement in disclosure. Audit procedures performed by the Credit Suisse International group engagement team and/or supporting auditors included:

- obtaining an understanding of the relevant laws and regulations, including the relevant requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013;
- determining whether the presentation and classification by country is in accordance with the applicable financial reporting framework;
- obtaining client schedules and other information used to prepare country-by-country disclosures and agree to audit work performed and audit evidence; and
- enquiring with management and, where appropriate, those charged with governance.

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

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

Use of this report

This report, including the opinion, has been prepared for and only for the company's directors in accordance with the Capital Requirements (Country-by-Country Reporting) Regulations 2013 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, save where expressly agreed by our prior consent in writing.

The engagement partner responsible for this audit is Duncan McNab.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
30 April 2021

Country-by-Country Reporting

Article 89 of the Capital Requirements Directive IV (Directive 2013/36/EU) requires institutions (credit institutions or investment firms, their branches, and subsidiaries) to disclose annually: their name, the nature of their activities and geographic location, number of employees, and their turnover, profit or loss before taxes, taxes paid and public subsidies received, on a country-by-country basis for the year ended 2020.

Basis of Preparation

- **Country:** The geographical location of CSi, its branches and subsidiaries considers the country of incorporation or residence as well as the relevant tax jurisdiction. The applicable countries are listed in the following table.
- **Entity details:** The name of the entity, the entity type, and the nature of activity is defined in the following table. CSi including its branches, is a bank. CSi offers a range of interest rate, currency, equity and Credit-related OTC derivatives and certain securitised products. CSi's business is primarily client-driven, focusing on transactions that address the broad financing, risk management and investment concerns of its worldwide client base. CSi enters into derivative contracts in the normal course of business for market-making, positioning and arbitrage purposes, as well as for risk management needs, including mitigation of interest rate, foreign currency and credit risk.
- **Average Number of Employees:** Defined as the number of employees on a full time equivalent basis, compensated directly by the entity.
- **Turnover:** Defined as net revenues, and is consistent with CSi's financial statements. Net revenues include total income before impairment and operating expenses, but after net interest, net commissions/fees income and investment and trading income.
- **Profit/(Loss) before taxes:** Definition of profit/(loss) before tax is consistent with that within CSi's financial statements, which includes net revenues, less total operating expenses.
- **Corporation Taxes Paid:** Defined as the corporation tax paid for CSi in each country and does not include taxes refunded back to CSi on account of tax overpayments in prior years. Other taxes paid are detailed in the Strategic Report, and throughout the Annual Report.
- **Public Subsidies Received:** Interpreted as direct support by the government and there were no public subsidies received by CSi in 2020 (2019: Nil).

Country by Country Reporting for the year ended 31 December 2020

Name of Entity	Parent, Subsidiary or Branch	Nature of Activity	Average Number of Employees	Turnover (USD million) ¹	Profit/(Loss) before taxes (USD million)	Corporation Taxes Paid (USD million)	Public Subsidies Received (USD million)
United Kingdom							
Credit Suisse International	Parent	Bank	2,493	2,642	199	18	–
Credit Suisse First Boston Trustees Limited	Subsidiary	Trustee Company for the Credit Suisse Group Pension and Life Assurance Scheme	–	–	–	–	–
Spain							
Credit Suisse International, Sucursal en España	Branch	Bank Branch	–	–	–	–	–
Italy							
Credit Suisse International, Italian Branch	Branch	Bank Branch	2	3	1	1	–
The Netherlands							
Credit Suisse International, Amsterdam Branch	Branch	Bank Branch	1	1	1	–	–
Sweden							
Credit Suisse International, (UK) Bank Sweden Branch (filial)	Branch	Bank Branch	–	1	–	–	–
Credit Suisse International	Consolidated		2,496	2,647	201	19	–

¹ Variable Interest entities are included in the above reporting. For a full list of other consolidated entities please refer Note 41 – Interest in Other Entities.

CSi incurred Bank Levy of USD 37 million, employees social security of USD 105 million and irrecoverable UK value added tax of USD 54 million.

Country by Country Reporting for the year ended 31 December 2019

Name of Entity	Parent, Subsidiary or Branch	Nature of Activity	Average Number of Employees	Turnover (USD million) ¹	Profit/(Loss) before taxes (USD million) ¹	Corporation Taxes Paid (USD million)	Public Subsidies Received (USD million)
United Kingdom							
Credit Suisse International	Parent	Bank	2,406	2,405	189	9	–
Spain							
Credit Suisse International, Sucursal en Espana	Branch	Bank Branch	2	2	–	–	–
Italy							
Credit Suisse International, Italian Branch	Branch	Bank Branch	24	22	–	–	–
The Netherlands							
Credit Suisse International, Amsterdam Branch	Branch	Bank Branch	5	4	1	–	–
Sweden							
Credit Suisse International, (UK) Bank Sweden Branch (filial)	Branch	Bank Branch	3	4	–	–	–
Credit Suisse International	Consolidated ¹		2,440	2,437	190	9	–

¹ Variable Interest entities are included in the above reporting. For a full list of other consolidated entities please refer Note 41 – Interest in Other Entities.

CSi incurred Bank Levy of USD 14 million, employees social security of USD 102 million (Restated 2019: USD 106 million) and irrecoverable UK value added tax of USD 25 million.



CREDIT SUISSE INTERNATIONAL

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