Credit Suisse International

Unaudited Condensed Consolidated Interim Financial Statements 30 June 2024

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for the Six Months Ended 30 June 2024

Board of Directors as at 29 August 2024

John Devine – Chair and Independent Non-Executive
David Todd – Independent Non-Executive
Jeremy Anderson – Non-Executive
Jason Barron – Non-Executive
Jonathan Magee – Non-Executive
Caroline Stewart – Non-Executive [1]
Beatriz Martin Jimenez – Chief Executive Officer (CEO)
Edward Jenkins – Chief Risk Officer (CRO)

[1] Chief Finance Officer (CFO) and Executive Board Director subject to regulatory approval

Company Secretary

Paul Hare

Company Registration Number	02500199

Interim Management Report for the Six Months Ended 30 June 2024

Credit Suisse International at a glance

The Credit Suisse International ('CSi' or 'Bank') Interim Management Report highlights the significant events that have occurred in the first six months of 2024 since the CSi Annual Report 2023. Further details in regards to CSi's Purpose, Risk Management, Corporate Responsibility and Corporate Governance can be found in the CSi Annual Report 2023, with key changes set out in this management report:

→ https://www.credit-suisse.com/us/en/investment-banking/financial-regulatory/international.html

Business model

Entity structure

CSi is a private unlimited company domiciled in the United Kingdom ('UK') and together with its subsidiaries is referred to as the 'CSi group'. CSi is authorised by the Prudential Regulation Authority ('PRA') and regulated by the Financial Conduct Authority ('FCA') and the PRA.

On 12 June 2023, UBS Group AG ('UBS Group') acquired Credit Suisse Group AG ('CSG AG') (the former parent company of Credit Suisse AG ('CS AG')), succeeding by operation of Swiss law to all assets and liabilities of CSG AG, and became the direct or indirect shareholder of all of the former direct and indirect subsidiaries of CSG AG. The ultimate parent of the Bank is UBS Group which is incorporated in Switzerland and prepares the financial statements under International Financial Reporting Standards ('IFRS').

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

As at 31 May 2024, CSi is now a majority-owned subsidiary of UBS AG, incorporated in Switzerland.

As at 30 June 2024, UBS Group reported five business divisions namely Global Wealth Management ('GWM'), Personal & Corporate Banking ('P&C'), the Investment Bank ('IB'), Asset Management ('AM') and Non-core and Legacy ('NCL').

CSi group business is predominantly within NCL and IB divisions.

Financial statements

The CSi Unaudited Condensed Consolidated Interim Financial Statements for the six months ended 30 June 2024 are presented in United States Dollars ('USD'), which is the functional currency of the Bank, rounded to the nearest million. The Interim Report does not include all the notes included in an Annual Financial Report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 31 December 2023 which was prepared in accordance with UK-adopted international accounting standards ('UK-adopted IFRS') and the applicable legal requirements of the Companies Act 2006. In addition to complying with UK-adopted IFRS, the consolidated financial statements also comply with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union ('EU-adopted IFRS'). The Unaudited Condensed Consolidated Interim Financial Statements were authorised for issue by the Directors on 29 August 2024.

Changes to directors

Changes in the directorate since 31 December 2023 and up to the date of this report are as follows:

The following ceased to be directors:	
Michael Ebert	04.07.24
Caroline Waddington	01.08.24

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

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

Purpose

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

Key Business Segments

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

The following are the key business segments remaining within CSi:

Non-core and Legacy ('NCL')

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

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

Investment Bank

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

Operating Environment

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

Looking Forward

The macroeconomic outlook continues to be clouded by ongoing conflicts, other geopolitical tensions and the upcoming US elections. CSi expects these uncertainties to persist for the foreseeable future, and they will likely lead to higher market volatility compared with the first half of the year.

Regulatory environment

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

Consumer Duty

The Consumer Duty is a new Consumer Principle which sets a higher standard of care, requiring firms to act to deliver good outcomes for retail customers. It encourages firms to "put themselves in their customers' shoes" expecting them to consistently focus on customer outcomes and evidence that those outcomes are being met.

The rules apply to CSi as a prior manufacturer of Structured Products, with material influence, distributed to retail clients. The Consumer Duty has been applicable since 31 July 2023, while "closed products" had a longer implementation deadline of 31 July 2024. The CSi Board reviewed and approved the first annual report covering the monitoring of retail consumer outcomes on 1 July 2024.

Recovery and Resolution Planning

Recovery Planning

The UBS Global Recovery Plan ('GRP') is designed to enable UBS Group to cover capital and liquidity shortfalls incurred by a UBS Group subsidiary in the event that they cannot be covered by local entity measures. CSi's recovery planning arrangements have been fully integrated into the UBS GRP this year as part of on-going Recovery Resolution Planning ('RRP') integration.

Resolution Planning

CSi is part of the global resolution strategy of UBS Group. The UBS Global Resolution Strategy describes measures FINMA, as UBS Group's home supervisory and resolution authority, may take to resolve UBS Group in an orderly manner during a severe crisis that brings UBS Group to the point of impending insolvency. As resolution authority, FINMA has the power to determine the Point of Non-Viability ('PONV') and subsequently has the authority and responsibility to execute a resolution. Ultimately, FINMA is responsible to develop the FINMA Resolution Plan for UBS Group in cooperation with other key authorities through the Crisis Management Group ('CMG'). UBS's Group resolution strategy is based on the Single Point of Entry ('SPE') bail-in of Total loss-absorbing capacity ('TLAC') investors at UBS Group. In such a centrally-led resolution by FINMA, UBS Group would enter resolution proceedings while the operating entities of the Group remain going concern outside resolution and would be restructured.

Whilst CSi is part of the above global resolution strategy, it should be noted that as a result of the merger, management have concluded that the future strategy for CSi is to be wound down. Until the point where CSi is no longer material, the entity will continue to maintain resolvability capabilities ('RAF') outlined by the Bank of England to ensure on-going resolvability is possible in the event of a severe stress.

Sustainability

On 31 May 2024 the UK Financial Conduct Authority's ('FCA') anti-greenwashing rule (Rule) came into effect, applying to all communications by UK FCA-authorised firms relating to their products and services that refer to environmental and/or social characteristics. The Rule requires that references made to the sustainability characteristics of a product or service, are consistent with the sustainability characteristics of the product or service and are clear, fair and not misleading. The Rule applies not only where a firm communicates a financial promotion to a person in the UK, but also more generally where it communicates with clients in the UK in relation to a product or service. In terms of next steps, the FCA will be monitoring firms' sustainability-related claims and will take supervisory action where necessary.

On 4 June 2024, the European Supervisory Authorities ('ESAs') published their final reports on greenwashing in the financial sector, calling for enhanced supervision and improved market practice on sustainability-related claims. The ESAs reiterated their common high-level understanding of greenwashing applicable to financial market participants within their respective supervisory remit: financial markets for the European Securities and Markets Authority ('ESMA') and banking for the European Banking Authority ('EBA'). The ESAs stress that financial market participants have a responsibility to provide sustainability information that is fair, clear, and not misleading, and that greenwashing may be intentional or not, or due to omission of information, without having to cause damage to consumers or investors. The ESAs will continue monitoring greenwashing risks and supervisory progress.

UBS Group is implementing compliance with regulatory developments, which includes updating its policies and procedures.

Performance

Key Performance Indicators (‘KPIs’)

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

Unaudited	**6M24** [1]	6M23 [1]	6M22 [1]	6M21 [1]	6M20
Earnings					
Net (loss)/profit before tax (USD million):					
Continuing operations	33	(716)	175	(5,187)	458
Discontinued operations	–	–	–	–	49
Total	33	(716)	175	(5,187)	507

	6M24	6M23	6M22	6M21	6M20
Extracts from Condensed Consolidated Statement of Financial Position (USD million):					
Total Assets	87,958	146,222	224,313	258,377	283,471
Total Asset (reduction)/growth	(39.85)%	(34.81)%	(13.18)%	(8.85)%	21.53%
Return on Total Assets	0.04%	(0.49)%	0.08%	(2.01)%	0.18%

	6M24	6M23	6M22	6M21	6M20
Capital (USD million):					
Risk Weighted Assets	19,699	48,633	62,088	71,349	95,656
Tier 1 capital	14,014	15,711	14,908	15,206	20,328
Tier 1 capital ratio (%)	71.14%	32.31%	24.01%	21.31%	21.25%
Return on Tier 1 capital	0.24%	(4.56)%	1.17%	(34.11)%	2.49%

	6M24	6M23	6M22	6M21	6M20
Liquidity (USD million):					
Liquidity Buffer	15,345	13,328	34,727	23,651	14,981

[1] All operations were reported as continuing in 6M24, 6M23, 6M22 and 6M21.

Capital

Risk Weighted Assets (‘RWA’) decreased by USD 28.9 billion to USD 19.7 billion (2023: USD 48.6 billion) due to reduced trading activity and early termination of trades as the portfolio winds down. The decrease in RWA is seen across credit risk, credit valuation adjustment, market risk and the large exposures charge.

Capital resources

CSi’s capital resources have decreased by USD 1.8 billion to USD 14.0 billion (2023: USD 15.8 billion). The decrease is primarily due to a dividend payment from reserves of USD 1.3 billion and losses during the period 2H23 of USD 1.0 billion. This is partially offset by a reduction in the prudential valuation deduction of USD 0.5 billion as the trading portfolio reduces in size.

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

→ Changes in senior and subordinated debt are set out in Note 9 – Borrowings and Debt in Issuance.

Liquidity

CSi maintains a strong liquidity position and has a letter of comfort from UBS AG providing support for meeting CSi’s debt obligations and maintaining a sound financial position for at least the next 12 months.

As at 30 June 2024, at the time of reporting and on a forward-looking basis, all regulatory liquidity metrics are in compliance.

Unaudited Commentary on Condensed Consolidated Statement of Income

Unaudited	6M24 [1]	6M23 [1]	6M22 [1]	6M21 [1]	6M20
Condensed Consolidated Statement of Income (USD million)					
Net revenues	706	1,006	1,547	(3,744)	1,385
Total operating expenses	(673)	(1,722)	(1,372)	(1,443)	(927)
Profit/(loss) before tax from continuing operations	**33**	**(716)**	**175**	**(5,187)**	**458**
Profit/(loss) before tax from discontinuing operations	**–**	**–**	**–**	**–**	**49**
Profit/(loss) before tax	**33**	**(716)**	**175**	**(5,187)**	**507**
Income tax benefit/(expense) from continuing operations	5	(90)	(56)	93	(90)
Income tax (expense) from discontinuing operations	–	–	–	–	(13)
Profit/(loss) after tax	**38**	**(806)**	**119**	**(5,094)**	**404**

[1] All operations were reported as continued in 6M24, 6M23, 6M22 and 6M21.

The CSi group reported a profit after tax of USD 38 million (6M23: USD 806 million net loss). Profit before tax for the CSi group was USD 33 million (6M23: USD 716 million loss before tax).

Net revenues

Unaudited	6M24 [1]
Revenues (USD million)	
Investment Bank	105
Non-Core and Legacy	91
Corporate Functions	(10)
Others	2
Corporate Centre	12
Total revenues	**200**
Transfer pricing agreements	3
Treasury funding	394
Provision for Credit Losses	(13)
CSi group to primary reporting reconciliations	122
Net revenues as per Consolidated Statement of income	**706**

[1] No comparatives available. Refer Note 3- Segemental Analysis for more details.

Investment Bank revenue of USD 105 million is primarily driven by the reimbursement of expense for staff seconded to UBS AG London Branch, net mark to market gains on unwind of trades and execution and origination fees on advisory projects.

NCL revenue of USD 91 million is primarily driven by structured equity business driven by the unwind of derivative trades across various portfolios, yield curve movements and provision impact; coupled with dividend income and gains from the recalibration of provisions following recent auctions and de-risking.

Corporate Functions reported a loss of USD 10 million primarily driven by hedging costs.

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

- Treasury funding gain is driven primarily from funding the businesses within CSi.
- Provision for Credit Losses of USD 13 million relates to provisions on sanctioned securities.
- CSi group to primary reporting reconciliation of USD 122 million is primarily driven by differences in acquisition accounting implemented for UBS IFRS Group reporting versus IFRS reporting in the stand-alone entity.

Expenses

Unaudited	**6M24**	**6M23**	Variance	% Variance
Operating expenses (USD million)				
Compensation and benefits	(283)	(296)	13	4%
General, administrative and trading expenses	(390)	(1,379)	989	72%
Restructuring expenses	–	(47)	47	100%
Total operating expenses	**(673)**	**(1,722)**	**1,049**	61%

The CSi group's operating expenses decreased by USD 1,049 million to USD 673 million (2023: USD 1,722 million).

Compensation and benefits have decreased by USD 13 million due to lower salaries and variable compensation.

General, administrative and trading expenses decreased by USD 989 million due to:
- Decrease of USD 300 million in impairment mainly due to Internally Developed Software (IDS) significant write off in prior year;
- Decrease of USD 190 million in cost allocation from CS affiliates is due to lower transfer pricing expense as a result of decreased trading activities post acquisition;
- Decrease of USD 161 million driven by lower litigation provisions booked across various cases;
- Decrease of USD 138 million in professional services due to lower cost allocation from affiliates;
- Decrease of USD 84 million in brokerage and commission expense due to lower trading activities post-acquisition.

The total income tax benefit for the six months ended 30 June 2024 is USD 5 million and represents an effective tax rate for the period of (15.1)%. This reflects the impact of the reduction in deferred tax liability and permanent tax adjustments.

The effective tax rate for the six months ended 30 June 2023 was (12.6)%, which reflects the impact of the deferred tax not recognised on tax losses, derecognition of deferred tax assets offset against the deferred tax liability on the pension asset and permanent tax adjustments.

Unaudited Commentary on Condensed Consolidated Statement of Financial Position

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

Unaudited	**6M24**	2023	Variance	% Variance
Assets (USD million)				
Cash and due from banks	1,775	3,627	(1,852)	(51)%
Interest-bearing deposits with banks	10,291	8,319	1,972	24%
Trading financial assets mandatorily at fair value through profit or loss	40,567	63,309	(22,742)	(36)%
Non-trading financial assets mandatorily at fair value through profit or loss	22,036	24,588	(2,552)	(10)%
Other assets	10,282	17,629	(7,347)	(42)%
Other (aggregated remaining balance sheet assets lines)	3,007	4,946	(1,939)	(39)%
Total assets	**87,958**	**122,418**	**(34,460)**	**(28)%**
Liabilities (USD million)				
Trading financial liabilities mandatorily at fair value through profit or loss	39,358	60,519	(21,161)	(35)%
Financial liabilities designated at fair value through profit or loss	5,091	16,050	(10,959)	(68)%
Borrowings	13,684	12,622	1,062	8%
Other liabilities	7,154	9,025	(1,871)	(21)%
Debt in issuance	7,001	8,108	(1,107)	(14)%
Other (aggregated remaining balance sheet liabilities lines)	872	1,131	(259)	(23)%
Total liabilities	**73,160**	**107,455**	**(34,295)**	**(32)%**
Total shareholders' equity	**14,798**	**14,963**	**(165)**	**(1)%**

As at 30 June 2024 the CSi group had total assets of USD 88 billion (31 December 2023: USD 122 billion).

Business driven movements are:
- Trading financial assets mandatorily at fair value through profit or loss and Trading financial liabilities mandatorily at fair value through profit and loss have decreased by USD 23 billion and USD 21 billion respectively. This decrease is primarily driven by significant drop in trading derivatives across all products due to trade exits as per NCL wind down plans and migration of IB trading and hedging activities to UBS Group; and
- Other assets and Other liabilities have decreased by USD 7 billion and USD 2 billion respectively. The reduction is primarily due to decrease in OTC derivatives cash collateral across various bank and non-bank counterparties. This is also directly aligned with the reduction in gross derivative balances.

Further movements reflect the impacts of managing the required liquidity and overall optimisation of the funding profile. This has resulted in:
- Financial liabilities designated at fair value through profit or loss decreased by USD 11 billion due to USD 5 billion reduction in repurchase agreements due to wind down post the merger and USD 4 billion decrease in structured notes due to net redemptions;

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 remained USD 1.2 billion as at 30 June 2024 (2023: USD 1.2 billion). Total Level 3 liabilities remained USD 0.9 billion as at 30 June 2024 (2023: USD 0.9 billion). No material movements are noted. Level 3 assets were equivalent to 1.3% of total assets (2023: 0.9%) and Level 3 Liabilities equivalent to 1.2% of total liabilities (2023: 0.8%).

→ Fair value disclosures are presented in Note 16 – Financial Instruments.

Dividends

USD 231 million dividend on AT1 equity was paid during the period ended 30 June 2024 (2023: USD 1.1 billion on ordinary shares).

Principal risks and uncertainties

Principal risks

RISK TYPE	DESCRIPTION	HOW RISKS ARE MANAGED
Business and Capital Risk	Business risk is the risk of underperforming against financial objectives as a result of revenue shortfalls and/or cost target overruns. Capital risk is the risk that the bank does not maintain adequate capital to support its activities while exceeding its regulatory requirements and meeting its internal capital goals.	The CSi Strategic Risk Management ('SRM') department is responsible for oversight of business and capital risks as managed by UK Capital Management and CFO functions. SRM ensures accurate ongoing reporting and monitoring of these risks within the risk appetite framework. Broader themes linked to business and capital risk, e.g. implications of strategic change and transformation risks including those related to UBS integration, are also considered in the course of CSi's risk identification and assessment process. Next to monitoring internal and regulatory capital ratio targets as well as financial reporting, the principal measurement tools used by SRM are firm-wide stress testing and the internal capital adequacy assessment process.
Climate Change	Climate-related risks are potentially adverse direct and indirect impacts on the banks financial metrics, operations or reputation due to transitional or physical effects of climate change. Climate-related risks could manifest themselves through existing risk types such as credit risk, market risk, non-financial risk, business risk or reputational risk.	Climate change risk is managed centrally by the Climate Risk and Sustainability department. For CSi, the CSi SRM department ensures accurate ongoing reporting and monitoring within the risk appetite framework. The theme of climate change risk has been explicitly considered in the course of CSi's risk identification and assessment process as well as its risk appetite and risk reporting. As part of the climate change risk assessment, CSi has considered credit exposure to sectors with the closest nexus to the physical and transition implications of climate change risk. Sectors include fossil fuels as well as energy, transport, property, and agriculture. Metrics for CSi have been defined as part of the Risk Identification and Risk Appetite Framework, while scenario capabilities have been established across market risk (short-term analysis), single clients (for large Oil & Gas companies), and portfolio level (using the BoE climate scenario). The CSi strategy to wind-down entity activities, achieving material de-risking of the legacy portfolios, implies climate-related risks will substantially reduce over time, while no new business opportunities will be explored. Further alignment and integration with the UBS sustainability and climate risk framework is expected during 2024.
Credit Risk	The risk of a loss arising as a result of a borrower or counterparty failing to meet its financial obligations or as a result of deterioration in the credit quality of the borrower, or counterparty.	Credit risk in CSi is overseen and controlled by the UK Chief Credit Office ('UK CCO'), with support from the Credit Risk NCL function, which is part of the UBS Group Risk Control function, and sits in the second line of defence. Credit Risk NCL is an independent function with responsibility for approving credit limits, monitoring and managing individual exposures and assessing and managing the quality of the segment and business area credit portfolios and allowances. All credit limits in CSi are subject to approval by Credit Risk UK based employees. Credit Risk maintains a Watchlist which serves as a tool for monitoring and reporting counterparties with negative factors requiring enhanced monitoring but which are not severe enough for the counterparty to be considered impaired. Counterparties are subject to additional scrutiny through watchlist committees and escalation to senior management. Watchlist counterparties are classified as Amber when they are performing but potential weaknesses (early signs of potential financial difficulty) have been identified, which require closer and continuous monitoring. Counterparties are classified as Red if they are performing but well-defined weaknesses and actual stress are apparent. Credit Risk also relies on the NCL CRO function regarding recovery management services to manage and resolve troubled or impaired exposures, establishing appropriate provisions for impaired loans and maximising recovery throughout the workout process, thereby protecting CSi's capital and reputation and minimising potential litigation risks.
Treasury Risk	Treasury risks cover the market risks arising from structural exposures including pension risks, and the risk of insufficient funding or liquidity Liquidity risk: being unable to meet business-as-usual or stress cash/collateral flows. Funding risk: being unable to borrow funds to support the firm's current business and desired strategy.	CSi Treasury Risk Control ('TRC') is responsible for the control of treasury-related risk-taking activities. Liquidity and funding risk is one of the consequential risks to which CSi is exposed. Regional Treasury team manages Liquidity and Funding within CSi as first line of defense as set out in Liquidity & Funding ('L&F') Risk Management policy and CSi TRC provides liquidity and funding risk control as second line of defense. TRC proposes the overall L&F risk appetite and associated L&F Early Warning Indicators ('EWIs') and Resolution and Recovery Indicators ('RRIs') to the approval authorities as per ALM Authorities. Treasury and TRC propose other indicators to facilitate L&F risk management across the crisis management continuum and in line with regulatory requirements. In relation to internal models and stress testing, Treasury proposes and implements methodologies for quantifying the potential future changes in the L&F position under stress scenarios. Both TRC and Treasury regularly review the stress test scenarios to make sure they remain relevant and appropriate to the entity. TRC is consulted and independently reviews and approves the internal models and MRMC independently validates the internal models. 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.Treasury and TRC monitor the entity's L&F position and ultimately the compliance with regulatory requirements and risk appetite through L&F metrics.

RISK TYPE	DESCRIPTION	HOW RISKS ARE MANAGED
Market Risk	The risk of a loss arising from adverse changes in interest rates, credit spreads, foreign currency exchange rates, equity and commodity prices, and other relevant market parameters, such as volatilities and correlations.	Market Risk in CSi is overseen and controlled by the CSi Market Risk department which sits in the second line of defence. CSi has policies and processes in place to ensure that market risk is captured, accurately modelled and reported, and effectively managed. Trading and non-trading portfolios are managed at various organisational levels, from the overall risk positions at the Bank level down to specific portfolios. CSi uses market risk measurement and management methods in line with regulatory and industry standards. The principal portfolio measurement tools are Value-at-Risk ('VaR'), scenarios and sensitivity analyses, which complement each other in measuring market risk. A Counterparty Market Risk function is focused on assessing and risk managing counterparty market risk, thereby improving the way in which risk is measured by leveraging the subject matter expertise of market risk managers. This team closely collaborates with the Counterparty Credit Risk team within the Investment Bank and Non-Core & Legacy to further progress how risk of counterparties is assessed allowing for enhanced credit decision making.
Model Risk	Model Risk is the potential for financial loss, negative reputational impact and/or adverse regulatory action from decisions made based on model outputs that may be incorrect or used inappropriately.	Model Risk Management's role is to verify whether the model is performing as expected and is appropriate for its intended use. This includes: • Maintaining a bank-wide model inventory, model type classification, risk tiering and inventory attestation; • Training; • Performing independent validation and approval of Models; • Communicating model validation plans and schedules to relevant review committees and stakeholders; • Managing validation outcomes, findings and any required follow-up actions, and reporting/ communicating them to the relevant review committees and stakeholders; • Defining model risk Key Risk Indicators ('KRIs') and assessing, aggregating and reporting model risks; • Escalating policy violations to the CSi Risk Management Committee, CSi Board Risk Committee, and other relevant and other relevant group/ regional/ legal entity/ divisional committees.
Non-Financial Risk	Non-Financial Risk ('NFR') is the risk of undue monetary loss and/or non-monetary adverse consequences resulting from inadequate or failed internal processes, people,and systems,failure to comply with laws and regulations and internal policies and procedures, or external events (deliberate, accidental, or natural) which have an impact to UBS, its clients or the markets in which it operates. The resultant risks are clustered as Compliance, Financial and Non-Financial Risk	Non-Financial Risk Management within Group Compliance and Regulatory Governance ('GCRG') oversees the Non-Financial Risk Framework ('NFRF'),providing a consistent and unified approach to evaluating and monitoring non-financial risks, each function is required to comply with the NFRF. NFR Events are assessed and escalated on a timely basis. There is proactive self-identification of risk issues which are remediated in a timely and sustainable manner. Controls mitigating NFR Issue level risk are self-assessed on a semi-annual basis and reported to COO. Annually E2E Risk Control Self Assessment ('RCSA') is performed based on risk taxonomy where it is required to assess the Inherent Risk ('IR') of taxonomy and then assess the Control Environment ('CE') and conclude on Residual Risk ('RR') levels. This is followed by remediation actions if necessary.
Reputational Risk	Reputational Risk is the risk arising from negative perception on the part of its stakeholders (i.e. customers, counterparties, shareholders, investors, employees, regulators) that can adversely affect its ability to maintain existing, or establish new, business relationships and continued access to sources of funding.	CSi has a dedicated set of processes, resources and policies focused on identifying, evaluating, reporting, and controlling reputational risks, including a dedicated Reputational Risk Review Process ('RRRP'). The RRRP is a senior level independent review of issues that may have an impact on the Bank's reputation. An employee who determines that they are engaged in, or considering an activity that may put the Bank's reputation at risk must submit that activity through the RRRP for review before the Bank is committed to pursuing or executing it from a legal or relationship standpoint. Until merged with UBS Banking Group Entities, the CS RRRP continues to apply for activities conducted in CSi, as well as governance, escalation criteria, documentation requirements, post-approval condition procedures and controls. CS Reputational Risk Approvers ('RRAs') are subject matter experts and senior risk managers independent from the business are responsible for holistically assessing whether the identified reputational risks and the mitigation presented by the business (and other support areas) is acceptable and the proposed activity is within CSi's risk appetite for reputational risk. RRAs may also escalate a submission to the Divisional Client risk committee ('DCRC') or Group Client Risk Committee ('GCRC') based on guidance from governing bodies, or at their discretion. The DCRC, comprised of senior regional management from the divisions, corporate functions and CSi entity management is responsible for review and assessment of material reputational risks according to existing defined escalation criteria for CSi. Clients deemed to carry the highest compliance and reputational risks are escalated to the GCRC. Reputational Risk submissions subject to committee escalation are also subject to the UBS Red lines escalation protocol.

Key risk developments

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

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

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

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

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

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

Liquidity risk management
The Swiss National Bank ('SNB') granted Credit Suisse access to facilities that provided substantial additional liquidity, including an Extended Fund Facility ('EFF'), Emergency Liquidity Assistance ('ELA') and a Public Liquidity Backstop ('PLB') in Q1 2023 following the accelerated deposit outflows and significant deterioration in liquidity. The PLB was fully repaid on 31 May 2023 prior to the legal closure of the holding companies UBS Group and CSG AG on 12 June 2023. Following a comprehensive review of the funding situation, the ELA facility was fully repaid in June 2024.

On 12 June 2023, the acquisition of CSG AG (the former parent company of CS AG) by UBS Group was completed. Following the completion of the acquisition by UBS Group, CSG AG became part of the overall UBS Group's liquidity and funding management. Credit Suisse now leverages the market access of UBS Group and engages in secured and unsecured intercompany transactions to facilitate funding between entities.

The merger of UBS AG and CS AG on 31 May 2024 did not have an impact on the funding structure for CSi.

CSi maintains a strong liquidity position and has a letter of comfort from UBS AG providing support for meeting CSi's debt obligations and maintaining a sound financial position for at least the next 12 months.

Risk exposures

Credit Risk
CSi has a global portfolio with exposures driven by a number of businesses across diverse industries and countries, and therefore is exposed to broad range of risks. These risks are managed within CSi's Credit Risk Appetite Framework to ensure control and oversight of any concentrations by product, industry or geography.

Overall credit risk exposure (defined as the current mark-to-market value of traded products and committed amounts for loans, net of risk mitigation such as collateral, credit insurance, and guarantees) decreased in the six months to June 2024 to USD 3,655 million (USD 6,464 million as at December 2023). This decrease was driven by an overall reduction in trading activity during the first half of 2024, given the de-risking strategy followed for CSi. The portfolio remains weighted towards strong counterparties in industrialised countries, with 86% of exposure rated investment grade. The main driver of credit risk in CSi is trading in OTC derivatives. The largest drivers of exposure by sector are counterparties in financial industries, with CCPs making up 63% of exposure as of June 2024.

On a potential exposure basis, exposure in CSi decreased by USD 7.0 billion in the half year June 2024 to USD 9.9 billion (31 December 2023: USD 16.9 billion). Potential exposure for each trading relationship is calculated as 95 percentiles of a distribution of possible future exposures. OTC derivatives were the main driver of the overall exposure move, with exposure reducing by USD 5.0 billion to USD 6.6 billion (31 December 2023: USD 11.6 billion). Lending exposure decreased during first half of 2024 to USD 578 million (31 December 2023: USD 1.0 billion). The CSi repurchase agreement portfolio had exposure of USD 929 million (31 December 2023: USD 724 million).

Credit Risk Management maintain a watchlist which is detailed in the Principal risks section. During H1 2024 exposure on the watchlist decreased by USD 140 million to USD 167 million as of 30 June 2024 (31 December 2023: USD 307 million).

The Management Report is approved by Order of the Board

Paul E Hare
Company Secretary

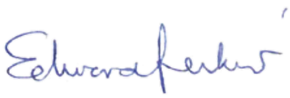
One Cabot Square
London E14 4QJ
29 August 2024

Statement of Directors' Responsibilities

We confirm that to the best of our knowledge:

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

By Order of the Board:



Edward Jenkins
Director

One Cabot Square
London E14 4QJ
29 August 2024

Independent review report to Credit Suisse International

Conclusion
We have been engaged by the company to review the unaudited condensed consolidated set of financial statements (the "interim financial statements") in the half-yearly financial report for the 6 months ended 30 June 2024 (the "period") which comprises the Unaudited Condensed Consolidated Interim Statement of Financial Position, the Unaudited Condensed Consolidated Interim Statement of Income and Unaudited Condensed Consolidated Interim Statement of Comprehensive Income, the Unaudited Condensed Consolidated Interim Statement of Cash Flows, the Unaudited Condensed Consolidated Interim Statement of Changes in Equity and the explanatory notes to the interim financial statements. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the unaudited condensed consolidated set of financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the unaudited condensed consolidated set of financial statements in the half-yearly financial report for the six months ended 30 June 2024 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting', and International Accounting Standard 34, 'Interim Financial Reporting' as adopted in the European Union.

Basis for Conclusion
We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE) issued by the Financial Reporting Council. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 2. Significant Accounting Policies, the annual financial statements of the group are prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting', and International Accounting Standard 34, 'Interim Financial Reporting' as adopted in the European Union.

Conclusions Relating to Going Concern
Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for Conclusion section of this report, nothing has come to our attention to suggest that management have inappropriately adopted the going concern basis of accounting or that management have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with this ISRE, however future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of the directors
The directors are responsible for preparing the half-yearly financial report in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting', and International Accounting Standard 34, 'Interim Financial Reporting' as adopted in the European Union.

In preparing the half-yearly financial report, 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.

Auditor's Responsibilities for the review of the financial information
In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the unaudited condensed consolidated set of financial statements in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report
This report is made solely to the company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Ernst + Young LLP

Ernst & Young LLP
Chartered Accountants
London
29 August 2024

Unaudited Condensed Consolidated Interim Financial Statements for the six months ended 30 June 2024

Unaudited Condensed Consolidated Interim Statement of Income for the six months ended 30 June 2024

	Reference to note	6M24	6M23
Consolidated Statement of Income (USD million)			
Interest income		1,267	1,577
- of which Interest income from instruments at amortised cost		*806*	*1,214*
Interest expense		(921)	(1,432)
- of which Interest expense on instruments at amortised cost		*(912)*	*(1,134)*
Net interest income/(expense)		346	145
Commission and fee income		27	73
Reversal/(Allowance) for credit losses	4	67	(8)
Net gains from financial assets/liabilities at fair value through profit or loss		180	764
Other revenues		86	32
Net revenues		**706**	**1,006**
Compensation and benefits		(283)	(296)
General, administrative and trading expenses		(390)	(1,379)
Restructuring expenses		–	(47)
Total operating expenses		**(673)**	**(1,722)**
Profit/(Loss) before taxes		**33**	**(716)**
Income tax benefit/(expense)	5	5	(90)
Profit/(Loss) for the year		**38**	**(806)**

Unaudited Condensed Consolidated Interim Statement of Comprehensive Income for the six months ended 30 June 2024

	6M24	6M23
Consolidated Statement of Comprehensive Income (USD million)		
Profit/(Loss) for the year	**38**	**(806)**
Cash flow hedges – effective portion of changes in fair value	(3)	29
Items that are or may be reclassified subsequently to Statement of income	**(3)**	**29**
Remeasurements of defined benefit asset	(37)	(50)
Related tax on remeasurements of defined benefit asset	5	14
Realised gains/(losses) relating to credit risk on designated financial liabilities extinguished during the period reclassed to retained earnings	1	–
Unrealised gain/(loss) on designated financial liabilities relating to credit risk	3	(21)
Related tax on Unrealised loss on designated financial liabilities relating to credit risk	–	3
Items that will not be reclassified to Statement of income	**(28)**	**(54)**
Other comprehensive loss for the period (Net of taxes)	**(31)**	**(25)**
Total comprehensive profit/(loss)	**7**	**(831)**
Attributable to Credit Suisse International shareholders	7	(831)

The accompanying notes on pages 21 to 42 are an integral part of these condensed consolidated interim financial statements.

Unaudited Condensed Consolidated Interim Statement of Financial Position as at 30 June 2024

	Reference to note	6M24	end of 2023
Assets (USD million)			
Cash and due from banks		1,775	3,627
Interest-bearing deposits with banks		10,291	8,319
Securities purchased under resale agreements and securities borrowing transactions		176	1,304
Trading financial assets mandatorily at fair value through profit or loss [1]		40,567	63,309
of which positive market values from derivative instruments	6	*37,197*	*57,337*
Non-trading financial assets mandatorily at fair value through profit or loss		22,036	24,588
Loans and advances		2,603	3,411
Current tax assets		158	121
Other assets	7	10,282	17,629
Property and equipment		14	27
Intangible assets		56	83
Total assets		**87,958**	**122,418**
Liabilities (USD million)			
Due to banks		74	31
Securities sold under repurchase agreements and securities lending transactions		65	358
Trading financial liabilities mandatorily at fair value through profit or loss		39,358	60,519
of which negative market values from derivative instruments	6	*38,734*	*58,562*
Financial liabilities designated at fair value through profit or loss		5,091	16,050
Borrowings	9	13,684	12,622
Current tax liabilities		3	3
Deferred tax liabilities		51	59
Other liabilities	7	7,154	9,025
Provisions	8	179	168
Debt in issuance	9	7,001	8,108
Lease liabilities		500	512
Total liabilities		**73,160**	**107,455**
Shareholders' equity (USD million)			
Share capital		7,267	7,267
Other equity instrument		1,200	1,200
Capital contribution		887	887
Retained earnings		5,924	6,058
Accumulated other comprehensive income		(480)	(449)
Total shareholders' equity		**14,798**	**14,963**
Total liabilities and shareholders' equity		**87,958**	**122,418**

[1] Trading Financial assets mandatorily at fair value through profit or loss includes trading assets pledged of USD 1,929 million (2023: USD 3,742 million).

The financial statements on pages 16 to 42 were approved by the Board of Directors on 29th August 2024 and signed on its behalf by:

Edward Jenkins
Director

The accompanying notes on pages 21 to 42 are an integral part of these condensed consolidated interim financial statements.

Unaudited Condensed Consolidated Interim Statement of Changes in Equity for the six months ended 30 June 2024

	Share Capital	Capital contribution	Other Equity Instruments	Retained Earnings	AOCI [1]	Total
Condensed Consolidated Interim Statement of Changes in Equity (USD million)						
Balance at 1 January 2024	**7,267**	**887**	**1,200**	**6,058**	**(449)**	**14,963**
Profit/(Loss) for the period	–	–	–	38	–	38
Realised gain / (loss) relating to credit risk on designated financial liabilities extinguished during period reclassed to retained earnings	–	–	–	(1)	1	–
Unrealised gain/ (loss) on designated financial liabilities relating to credit risk	–	–	–	–	3	3
Related tax on Unrealised gain/ (loss) on designated financial liabilities relating to credit risk	–	–	–	–	–	–
Cash flow hedges – effective portion of changes in fair value	–	–	–	–	(3)	(3)
Related tax on Cash flow hedges – effective portion of changes in fair value	–	–	–	–	–	–
Remeasurement of defined benefit pension assets	–	–	–	–	(37)	(37)
Related tax on defined benefit pension assets	–	–	–	–	5	5
Dividend payment on Additional Tier 1 Capital	–	–	–	(231)	–	(231)
Related tax on Dividend payment on Additional Tier 1 Capital	–	–	–	60	–	60
Total comprehensive income for the period	**–**	**–**	**–**	**(134)**	**(31)**	**(165)**
Balance at 30 June 2024	**7,267**	**887**	**1,200**	**5,924**	**(480)**	**14,798**
Condensed Consolidated Interim Statement of Changes in Equity (USD million)						
Balance at 1 January 2023	**11,366**	**887**	**1,200**	**4,852**	**(401)**	**17,904**
Loss for the period	–	–	–	(806)	–	(806)
Unrealised gain/ (loss) on designated financial liabilities relating to credit risk	–	–	–	–	(21)	(21)
Related tax on Unrealised gain/ (loss) on designated financial liabilities relating to credit risk	–	–	–	–	3	3
Cash flow hedges – effective portion of changes in fair value	–	–	–	–	29	29
Related tax on Cash flow hedges – effective portion of changes in fair value	–	–	–	–	–	–
Remeasurement of defined benefit pension assets	–	–	–	–	(50)	(50)
Related tax on defined benefit pension assets	–	–	–	–	14	14
Total comprehensive income for the period	**–**	**–**	**–**	**(806)**	**(25)**	**(831)**
Balance at 30 June 2023	**11,366**	**887**	**1,200**	**4,046**	**(426)**	**17,073**

[1] AOCI refers to Accumulated Other Comprehensive Income

USD 231 million dividend on AT1 equity was paid during the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

The accompanying notes on pages 21 to 42 are an integral part of these condensed consolidated interim financial statements.

Unaudited Condensed Consolidated Interim Statement of Cash Flows for the six months ended 30 June 2024

	Reference to note	6M24	6M23
Cash flows from operating activities (USD million)			
Profit/(Loss) before tax for the period		33	(716)
Adjustments to reconcile (loss)/profit before tax to net cash generated from/(used in) operating activities (USD million)			
Non-cash items included in loss before tax and other adjustments:			
Depreciation, impairment and amortisation		41	412
Share based compensation charge		3	40
Pension plan charge/(credit)		6	(12)
Accrued interest on debt in issuance		240	434
Accrued interest on lease liability		8	8
Net unearned income on Loans and advances		(1)	–
(Release of allowances) / Allowances for credit losses	4	(67)	8
Foreign exchange loss / (gain) [2]		29	205
Provisions	8	13	177
Total adjustments		**272**	**1,272**
Cash generated from /(used in) before changes in operating assets and liabilities		**305**	**556**
Net (increase)/decrease in operating assets:			
Interest bearing deposit with banks		(1,972)	1,583
Securities purchased under resale agreements and securities borrowing transactions		1,128	1,200
Trading financial assets mandatorily at fair value through profit or loss		22,742	25,122
Non-trading financial assets mandatorily at fair value through profit or loss		2,549	7,784
Loans and advances		900	(507)
Other assets	7	7,280	2,167
Net decrease/(increase) in operating assets		**32,627**	**37,349**
Net increase/ (decrease) in operating liabilities:			
Securities sold under repurchase agreements and securities lending transactions		(293)	(1,479)
Trading financial liabilities mandatorily at fair value through profit or loss		(21,161)	(17,960)
Financial liabilities designated at fair value through profit or loss		(10,956)	(12,206)
Borrowings	9	1,062	7,708
Share based compensation (Reported as other liabilities & provisions)		(7)	(71)
Other liabilities and provisions	7, 8	(2,118)	(5,831)
Net (decrease)/increase in operating liabilities		**(33,473)**	**(29,839)**
Income taxes refunded		–	1
Income taxes paid		–	(10)
Net group relief received/(paid)		26	10
Net Cash (used in)/ generated from operating activities		**(515)**	**8,067**
Cash flows from investing activities (USD million)			
Capital expenditures for property, equipment and intangible assets		(2)	(33)
Net cash used in investing activities		**(2)**	**(33)**
Cash flow from financing activities (USD million)			
Issuances of debt in issuance	9	–	2
Repayments of debt in issuance	9	(1,082)	(7,135)
Repayments of lease liability		(7)	(42)
Dividend payment on AT1 bonds		(231)	–
Net cash used in financing activities		**(1,320)**	**(7,175)**
Net change in cash and cash equivalents		**(1,837)**	**859**
Cash and cash equivalents at beginning of period [1]		3,596	3,883
Effect of exchange rate fluctuations on cash and cash equivalents		(58)	30
Cash and cash equivalents at end of period (USD million)		**1,701**	**4,772**
Cash and due from banks		1,775	4,885
Due to banks		(74)	(113)
Cash and cash equivalents at end of period (USD million) [1]		**1,701**	**4,772**

Interest received was USD 1,366 million (6M23: USD 1,582 million), interest paid was USD 945 million (6M23: USD 1,420 million).

1 At 6M24, USD NIL (6M23: USD 53 million) was not available for use by CSi relating to mandatory deposits at central banks.

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

The accompanying notes on pages 21 to 42 are an integral part of these condensed consolidated interim financial statements.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements for the Six Months Ended 30 June 2024

Notes to the Unaudited Condensed Consolidated Interim Financial Statements for the Six Months Ended 30 June 2024

1 General

Credit Suisse International ('CSi' or the 'Bank') is a private unlimited company registered in England. The address of the Bank's registered office is One Cabot Square, London, E14 4QJ. The Condensed Consolidated Interim Financial Statements for the half year ended 30 June 2024 comprise CSi and its subsidiaries (together referred to as the 'CSi group').

The Unaudited Condensed Consolidated Interim Financial Statements were authorised for issue by the Directors on 29th August 2024.

2 Significant Accounting Policies

Basis of preparation

The CSi Unaudited Condensed Consolidated Interim Financial Statements for the six months ended 30 June 2024 are presented in United States Dollars ('USD') rounded to the nearest million. They have been prepared on the basis of the policies set out in the 2023 annual financial statements and in accordance with UK and EU adopted IAS 34 'Interim Financial Reporting'. The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2023, which was prepared in accordance with UK-adopted International Accounting Standards and the requirements of the Companies Act 2006 as applicable to companies using IFRS. The consolidated financial statements also comply with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union ('EU-adopted IFRSs'). For the comparative numbers, the accounting policies applied are the same as those applied by the CSi group in its Consolidated Financial Statements for the year ended 31 December 2023.

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

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

The significant judgements made by management in applying the Bank's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Consolidated Financial Statements as at and for the year ended 31 December 2023.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision has a significant effect on both current and future periods. No significant changes to policies and methods of computation have been made in the interim financial statements as compared with the most recent annual financial statements. Accounting policies have been applied consistently by the CSi group entities.

Going Concern

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

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

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

CSi has an existing letter of support dated 18 March 2024 from then parent company CS AG providing support for meeting CSi's debt obligations and maintaining a sound financial position for at least the next 18 months from the date of signing. Following the Parent Bank Merger on 31 May 2024, CS AG has merged into UBS AG, who has assumed all of CS AG's assets, rights and obligations.

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

Standards adopted and effective in the current period

Amendments to IFRS effective from 1 January 2024 had no material effect on the condensed consolidated financial statements.

3 Segmental Analysis

CSi group has 3 reportable segments namely, Investment Bank, Non-Core & Legacy 'NCL' and Corporate Centre, that are regularly reviewed by the Chief Operating Decision Maker ('CODM') when assessing the performance and allocation of resources. The CODM has been determined to be the Board. Following the UBS Group's acquisition of CS group announced in March 2023, the NCL division has been created and businesses not part of ongoing UBS Group strategy moved into the division and are actively being wound-down. The Investment Bank holds businesses aligned with UBS Group strategy.

In the first half of 2023 CSi group had 3 reportable segments namely, Investment Bank, Capital Release Unit ('CRU') and Corporate Centre. The Investment Bank's focus was on areas closely connected to the bank's core businesses. It comprised of (i) Markets business committed to serving institutional clients, its leading capabilities in cross-asset investor products as well as equities, FX and rates being closely aligned with the Wealth Management and Swiss Bank franchises; and (ii) IBCM and Credit focusing on advisory and capital markets areas. Additionally, a new Capital Release Unit ('CRU') was created and comprised a Non-Core Unit ('NCU') and the Group's Securitised Products business. The NCU's purpose was to release capital through the wind-down of non-strategic, low return business. The NCU included the remainder of Prime Services, non-Wealth Management related lending in Emerging Markets, and some European lending and capital markets activities.

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

Segment performance is assessed by the Board based on the CEO report, which details revenues and pre-tax income by segment. In the first half of 2024 the monthly board summaries have been prepared under Group IFRS as adopted by UBS Group. Previously board summaries were prepared on US GAAP basis. CSi is unable to restate comparatives due to Group IFRS reporting only commencing on 12th June 2023 when UBS Group merged with CSG. It is also to be noted CSi's current purpose of managing an orderly wind down differs from the entity's strategy during H1 2023. As a result, the Board are not managing the current business strategy through comparison to prior year's results.

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

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

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

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

	6M24
Revenues (USD million)	
Investment Bank	**105**
- CS Banking	24
- CS Markets	39
- CS IB Other / Central Office	42
Non-Core and Legacy	**91**
- NCL Credit	2
- NCL Equities	68
- NCL Macro	17
- NCL Management	3
- NCL Other	1
Corporate Functions	**(10)**
Others	**2**
Corporate Centre	**12**
Total	**200**

	6M23
Revenues (USD million)	
Investment Bank	**687**
- Markets	591
- Investment Banking Capital Markets ('IBCM') & Credit	39
- IB Management	57
Capital Release Unit ('CRU')	**(162)**
- Securitised Products ('SP')	(43)
- Non Core Unit	(119)
Other	**10**
Corporate centre	**(29)**
Total	**506**

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

	6M24
Consolidated Income before taxes (USD million)	
Investment Bank	**56**
- CS Banking	16
- CS Markets	88
- CS Research	(9)
- CS IB Other / Central Office	(39)
Non-Core and Legacy	**3**
- NCL Credit	(38)
- NCL Equities	10
- NCL Macro	84
- NCL Management	(65)
- NCL Other	12
Corporate Functions	**(77)**
Others	**(9)**
Corporate Centre	**11**
Total	**(16)**

	6M23
Consolidated Income before taxes (USD million)	
Investment Bank	**151**
- Markets	219
- Investment Banking Capital Markets ('IBCM') & Credit	(176)
- IB Management	108
Capital Release Unit ('CRU')	**(498)**
- Securitised Products ('SP')	(69)
- Non Core Unit	(429)
Other	**(15)**
Corporate centre	**(89)**
Total	**(451)**

Reconciliation of reportable segment revenues

	6M24
Reconciliation of reportable segment revenues (USD million)	
Total revenues for reportable segments	200
Transfer pricing agreements	3
Treasury funding	394
Provision for Credit Losses	(13)
CSi group to primary reporting reconciliations	122
Net revenues as per Consolidated Statement of Income	**706**

	6M23
Reconciliation of reportable segment revenues (USD million)	
Total revenues for reportable segments	506
Transfer pricing agreements and cross divisional revenue share agreements	47
Treasury funding	306
Allowance for Credit Losses	(8)
CSi group to primary reporting reconciliations	155
Net revenues as per Consolidated Statement of Income	**1,006**

	6M24
Reconciliation of reportable segment income before taxes (USD million)	
(Loss)/Income before taxes for reportable segments	(16)
CSi group to primary reporting reconciliations	49
Profit/(Loss) before taxes as per Consolidated Statement of Income	**33**

	6M23
Reconciliation of reportable segment income before taxes (USD million)	
Income before taxes for reportable segments	(451)
Shared services	(490)
CSi group to primary reporting reconciliations	225
(Loss)/Profit before taxes as per Consolidated Statement of Income	**(716)**

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 70 million (6M23: USD 487 million).

4 Allowance for Credit Losses

	6M24	6M23
Reversal/(Allowance) for credit losses (USD million)		
Loans held at amortised cost	90	(5)
Other financial assets held at amortised cost	(23)	(4)
Off-balance sheet credit exposures	–	1
Total reversal/(allowance) for credit losses	**67**	**(8)**

The reversal of allowance for credit losses of USD 90 million on loans held at amortised cost is driven by reversal of ECL on NCL loans being measured at FVTPL effective 1 January 2024 as these loans were transferred to be held for sale, and then most were subsequently sold to UBS AG.

5 Income Tax

The total income tax benefit for the six months ended 30 June 2024 is USD 5 million and represents an effective tax rate for the period of (15.1)%. This reflects the impact of the reduction in deferred tax liability and permanent tax adjustments. The effective tax rate for the six months ended 30 June 2023 was (12.6%), which reflected the impact of the deferred tax not recognised on tax losses, derecognition of deferred tax assets offset against the deferred tax liability on the pension asset and permanent tax adjustments.

Deferred tax liabilities have been presented after offsetting deferred tax assets. Following management's evaluation of the deferred tax asset recoverability as at 30 June 2024, deferred tax assets of USD 3,381 million (30 June 2023: 2,457 million) have not been recognised. If strategies and business plans significantly deviate in the future from current management assumptions, the current level of deferred tax assets recognised and offset against deferred tax liabilities may need to be adjusted if recovery of these is no longer probable.

Deferred tax assets not recognised includes those on tax losses arising from the transactions with the Archegos Capital Management fund in 2021, net of recoveries in 2022. The quantum of the tax losses available to CSi is subject to agreement with the UK tax authorities. Management have accounted for the tax losses in CSi, and the associated unrecognised deferred tax asset, based on the expected position that this may be wholly allocated to CSi. A change in the amount of the tax losses upon agreement with the UK tax authorities will not have an impact on the Balance Sheet. The use of tax losses carried forward by UK banks is restricted to a maximum of 50% of taxable profits (25% for losses Incurred prior to 1 April 2015). There is no loss expiry in the United Kingdom.

6 Derivatives

	6M24 [1]				2023 [1]			
	Trading		Hedging		Trading		Hedging	
Derivatives (USD million)	Gross Derivative Assets	Gross Derivative Liabilities	Gross Derivative Assets	Gross Derivative Liabilities	Gross Derivative Assets	Gross Derivative Liabilities	Gross Derivative Assets	Gross Derivative Liabilities
Trading and hedging derivatives instruments (USD million)								
Interest rate products	25,790	26,031	–	–	33,876	33,284	–	–
Foreign exchange products	7,395	8,699	–	–	13,457	15,156	3	–
Equity/index related products	3,867	3,853	–	–	9,073	8,891	–	–
Credit products	851	847	–	–	1,851	2,107	–	–
Other products	21	21	–	–	76	64	–	–
Total derivative instruments	**37,924**	**39,451**	**–**	**–**	**58,333**	**59,502**	**3**	**–**

[1] Gross Derivative Assets and Liabilities indicate Fair Value.

Offsetting of derivative instruments

	6M24			2023		
	Gross	Offsetting	Net	Gross	Offsetting	Net
Derivative Assets (USD millions)						
Derivative instruments subject to enforceable master netting agreements	37,783	(727)	37,056	57,961	(996)	56,965
Derivative instruments not subject to enforceable master netting agreements [1]	141	–	141	375		375
Total derivative instruments presented in the Condensed Consolidated Statement of Financial Position	**37,924**	**(727)**	**37,197**	**58,336**	**(996)**	**57,340**
of which recorded in trading financial assets mandatorily at fair value through profit or loss	37,924	(727)	37,197	58,333	(996)	57,337
of which recorded in other assets	–	–	–	3	–	3
Derivative Liabilities						
Derivative instruments subject to enforceable master netting agreements	39,014	(717)	38,297	58,990	(940)	58,050
Derivative instruments not subject to enforceable master netting agreements [1]	437	–	437	512	–	512
Total derivative instruments presented in the Condensed Consolidated Statement of Financial Position	**39,451**	**(717)**	**38,734**	**59,502**	**(940)**	**58,562**
of which recorded in trading financial liabilities mandatorily at fair value through profit or loss	39,451	(717)	38,734	59,502	(940)	58,562
of which recorded in other liabilities	–	–	–	–	–	–

[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.

Decrease of USD 20 billion in both derivative assets and derivative liabilities is primarily driven by significant drop in trading derivatives across all products due to trade exits as per NCL wind down plans and migration of IB trading and hedging activities to UBS Group.

7 Other Assets and Other Liabilities

	6M24	2023
Other assets (USD million)		
Brokerage receivables		
Due from customers	396	399
Due from banks, brokers and dealers	591	255
Interest and fees receivable	562	378
Cash collateral on derivative instruments		
Banks	5,042	7,121
Customers	3,047	8,607
Cash collateral on non-derivative instruments	45	139
Net Defined Benefit Asset	503	556
Other	96	174
Total other assets	**10,282**	**17,629**

Net Defined Benefit Asset:
On 16 June 2023 the High Court handed-down judgement in the case of Virgin Media v NTL Pension Trustees II Ltd & Others in which it held that where pension schemes contracted-out of the additional state pension on the reference scheme test basis and made certain amendments in the period 6 April 1997 to 5 April 2016, those amendments needed to be accompanied by written confirmation from the scheme actuary that the scheme's benefit design would continue to satisfy the reference scheme test. If no written confirmation was provided the amendment would not be valid. On 25 July 2024 the Court of Appeal dismissed Virgin Media's appeal against this decision. Since the Credit Suisse UK Group Pension Fund was contracted-out on the reference scheme test basis in the period, the decision has implications for the scheme. However, the Department of Work & Pensions is working with industry groups to consider whether to amend the law and (in effect) negate the effects of the judgement. As this stage therefore only a limited review of some of the scheme's documents in the period has been undertaken. Following that review no adjustments to the pension liabilities has been made, but this matter will continue to be kept under review.

	6M24	2023
Other liabilities (USD million)		
Brokerage payables		
Due to customers	115	119
Due to banks, brokers and dealers	404	126
Interest and fees payable	355	613
Cash collateral on derivative instruments		
Banks	4,986	6,347
Customers	830	1,207
Cash collateral on non-derivative instruments	163	239
Share-based compensation liability	33	37
Other	268	337
Total other liabilities	**7,154**	**9,025**

Other assets and other liabilities have decreased by USD 7 billion and USD 2 billion respectively. The decrease is primarily due to decrease in OTC derivatives cash collateral across various bank and non-bank counterparties. This is also directly aligned with the reduction in gross derivative balances.

8 Provisions

Group	Property	Litigation	Total
6M24			
Provisions (USD million)			
Balance at 1 January 2024	163	5	168
Charges/Additions during the year	–	14	14
Released during the year	–	(1)	(1)
Utilised during the year	(2)	–	(2)
Revaluation	–	–	–
Balance at 30 June 2024	**161**	**18**	**179**

Group	Property	Litigation	Total
6M23			
Provisions (USD million)			
Balance at 1 January 2023	16	29	45
Charges/Additions during the year	(1)	183	182
Released during the year	–	(5)	(5)
Utilised during the year	–	(10)	(10)
Revaluation	1	–	1
Balance at 30 June 2023	**16**	**197**	**213**

Property provision

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

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

Litigation provision

The CSi group accrues litigation provisions in connection with certain judicial, regulatory and arbitration proceedings 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 30 June 2024 was USD 18 million (Dec 2023: USD 5 million). General Counsel in consultation with the business reviews CS group judicial, regulatory and arbitration proceedings each month to determine the adequacy of its litigation provisions and may increase or release provisions based on management's judgement and the advice of counsel. The anticipated utilisation of these litigation provisions typically ranges from six to eighteen month period, however certain litigation provisions are anticipated to extend beyond this period. Further provisions or releases of litigation provisions may be necessary in the future as developments in such litigation, claims or proceedings warrant. The CSi group has established provisions in line with the above process for all cases but believes that disclosure of the specific facts of such case would violate confidentiality obligations to which CSi group is subject or to prejudice seriously CSi group's management of the matter. The exact timing of outflow of economic benefits cannot be ascertained at 30 June 2024. Other Legal cases are disclosed in the contingent liabilities and other commitments note.

→ Refer Note 12 – Contingent Liabilities, Guarantees and Commitments

9 Borrowings and Debt in Issuance

Borrowings of USD 13,684 million (2023: USD 12,622 million) consists of plain vanilla borrowings from UBS AG.

	Balance as at 1 January	Issuance	Repayments	Transactional FX	Balance as at 30 June
Debt in issuances (USD million)					
6M24					
Senior debt	8,108	–	(1,082)	(25)	7,001
Subordinated debt	–	–	–	–	–
Total Debt in issuance	**8,108**	**–**	**(1,082)**	**(25)**	**7,001**

Debt in issuance (USD million)					
6M23					
Senior debt	18,306	2	(7,135)	209	11,382
Subordinated debt	3	–	–	–	3
Total Debt in issuance	**18,309**	**2**	**(7,135)**	**209**	**11,385**

Total debt in issuance principally comprised vanilla debt issuances managed by treasury which do not contain derivative features. CSi group's structured issuances are fair value option elected and form a part of Financial liabilities designated at fair value through profit or loss in the Statement of Financial Position.

10 Expected Credit Loss Measurement

This CSi group's ECL note does not include information relating to key inputs into the measurement and parameters of ECLs and the Macro Economic Factors ('MEF') included in the annual report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2023.
The following tables show the closing balance by stage of gross balances and allowances by class of financial instrument.

	Not credit impaired				Credit impaired			
	12 Month ECL Stage 1		Lifetime ECL Stage 2		Lifetime ECL (excluding purchased / originated credit impaired) Stage 3		Total	Total
6M24	Gross Exposure	Allowance for ECL	Gross Exposure	Allowance for ECL	Gross Exposure	Allowance for ECL	Gross Exposure	Allowance for ECL
Financial Instruments (USD million)								
Loans and Advances	2,524	1	29	–	8	8	2,561	9
Loan Commitments	336	1	–	–	–	–	336	1
Other Assets	21,829	1	1	–	51	33	21,881	34
Closing balance	**24,689**	**3**	**30**	**–**	**59**	**41**	**24,778**	**44**

	Not credit impaired				Credit impaired			
	12 Month ECL Stage 1		Lifetime ECL Stage 2		Lifetime ECL (excluding purchased / originated credit impaired) Stage 3		Total	Total
2023	Gross Exposure	Allowance for ECL	Gross Exposure	Allowance for ECL	Gross Exposure	Allowance for ECL	Gross Exposure	Allowance for ECL
Financial Instruments (USD million)								
Loans and Advances	3,071	4	145	30	74	67	3,290	101
Loan Commitments	475	1	2	–	–	–	477	1
Other Assets	28,974	–	–	–	56	10	29,030	10
Closing balance	**32,520**	**5**	**147**	**30**	**130**	**77**	**32,797**	**112**

Current-period estimate of expected credit losses

The estimation and application of forward-looking information requires a combination of expert judgement and quantitative analysis. Since the acquisition by UBS Group, this estimation process and related analysis and procedures are embedded in a group-wide process. As part of this group-wide process, CSi has aligned its scenarios, scenario weightings and model inputs to those used by UBS Group. As of June 30, 2024, CSi's estimation of expected credit losses is based on a discounted probability-weighted estimate that considers future macroeconomic scenarios: a baseline scenario, a mild downside scenario (mild debt crisis), a severe downside scenario (stagflationary geopolitical crisis) and an upside scenario (asset price appreciation). The baseline scenario represents the most likely outcome. The downside scenarios represent more pessimistic outcomes while the upside scenario represents a more optimistic outcome. The key MEFs used in each of the macroeconomic scenarios for the calculation of the expected credit losses include, but are not limited to, GDP growth rates.

Expected credit losses are not solely derived from MEF projections. Model overlays based on expert judgement are also applied, considering historical loss experience and industry and counterparty reviews, and are primarily impacting certain corporate and institutional loans. Such overlays are designed to address circumstances where in management's judgement the IFRS 9 ECL model outputs are overly sensitive to the effect of economic inputs that exhibit significant deviation from their long-term historical averages. Overlays may also be used to capture judgement on the economic uncertainty from global or regional developments with severe impacts on economies.

11 Related Parties

The CSi group is controlled by UBS Group, its ultimate parent. The registered office of UBS Group is at Bahnhofstrasse 45, 8001 Zurich, Switzerland. The CSi group's parent company, which holds a majority of the voting rights in the undertaking, is UBS AG, which is incorporated in Switzerland. UBS Group holds 100% of capital and votes in UBS AG, which is incorporated in Switzerland. The two registered addresses of UBS AG are Bahnhofstrasse 45, 8001 Zurich, Switzerland and Aeschenvorstadt 1, CH-4051 Basel, Switzerland. The CSi group has significant related party balances with subsidiaries and affiliates of UBS Group. These transactions largely comprise of derivative trades, as the Bank was the principal risk taker for derivatives within Credit Suisse, as well as funding trades via use of loans or due to banks, reverse repurchase or repurchase agreements. In addition, the ordinary shares are held by UBS Group and its subsidiaries. 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 UBS Group entities that provide services in respect of the global derivatives business which is centrally booked in the Bank. The CSi group generally enters the above transactions in the ordinary course of business on market terms that could be obtained from unrelated parties. The nature of related party transactions remained consistent for the six months ended 30 June 2024 compared to the year ended 31 December 2023. The magnitude of balances has decreased consistent with overall reductions in the balance sheet.

12 Contingent Liabilities and Commitments

CSi is the subject of a number of litigation matters. Provision for loss are made where the IFRS requirements for recognition of a provision are satisfied i.e. i) loss is probable (>50% likelihood of loss); and ii) losses can be reliably estimated. CSi has a litigation provision of USD 18 million as at 30 June 2024.

Litigation matters which are, or could be, material, either individually or in aggregate, are set out below.

CSi and other CS AG entities were subject to investigations by regulatory and enforcement authorities, as well as civil litigation, regarding certain CS AG entities' arrangement of loan financing to Mozambique state enterprises, Proindicus S.A. and Empresa Mocambiacana de Atum S.A. ('EMATUM'), a distribution to private investors of 'loan participation notes' ('LPN') related to the EMATUM financing in September 2013, and certain CS AG entities' subsequent role in arranging the exchange of those LPNs for Eurobonds issued by the Republic of Mozambique. In 2019, three former Credit Suisse employees pleaded guilty in the EDNY to accepting improper personal benefits in connection with financing transactions carried out with two Mozambique state enterprises.

In October 2021, CS AG reached settlements with the Department of Justice ('DOJ'), the US Securities Exchange Commission ('SEC'), the UK Financial Conduct Authority ('FCA') and FINMA to resolve inquiries by these agencies. In the resolution with the FCA, CSi, Credit Suisse Securities (Europe) Limited ('CSS(E)L'), and CS AG, London Branch (now UBS AG, London Branch) agreed that, in respect of these transactions with Mozambique, their UK operations had failed to conduct business with due skill, care and diligence and to take reasonable care to organise and control its affairs responsibly and effectively, with adequate risk management systems. CSi, CSS(E)L, and CS AG paid a penalty of approximately USD 200 million and further to an agreement with the FCA, forgave USD 200 million of debt owed to the CS AG entities by Mozambique.

Beginning in 2019, CS AG entities, including CSi, former employees and several other unrelated entities were sued in the English High Court by the Republic of Mozambique seeking a declaration that the sovereign guarantee issued in connection with the ProIndicus loan syndication was void, and damages. CS AG entities subsequently filed cross claims against several entities related to the project contractor and several Mozambique officials. In addition, several of the banks that participated in the ProIndicus loan syndicate brought claims against CS AG entities seeking compensation for any losses suffered as a result of any invalidity of the sovereign guarantee or damages stemming from the alleged loss. In addition, the project contractor, its owner and one of its executives brought defamation claims against CS AG entities in

Lebanon. In 2023, the CS AG entities entered into settlement agreements that resolved all claims involving them in the English High Court.

CS AG entities, including CSi, have received requests for documents and information in connection with inquiries, investigations, enforcement and other actions relating to the supply chain finance funds ('SCFF') matter by Swiss Financial Market Supervisory Authority ('FINMA'), the FCA and other regulatory and governmental agencies. The Luxembourg Commission de Surveillance du Secteur Financier is reviewing the matter through a third party. The CS AG entities are cooperating with these authorities. In February 2023, FINMA announced the conclusion of its enforcement proceedings against CS AG in connection with the SCFF matter. In its order, FINMA reported that CS AG had seriously breached applicable Swiss supervisory laws in this context with regard to risk management and appropriate operational structures. While FINMA recognised that CS AG has already taken extensive organisational measures based on its own investigation into the SCFF matter, particularly to strengthen its governance and control processes, and FINMA is supportive of these measures, the regulator has ordered certain additional remedial measures. In May 2023, FINMA opened an enforcement proceeding against CS AG in order to confirm compliance with supervisory requirements in response to inquiries from FINMA's enforcement division in this matter.

Certain civil actions have been filed by fund investors and other parties against CS AG entities, including CSi, and/or certain officers and directors in various jurisdictions, which make allegations including mis-selling and breaches of duties of care, diligence and other fiduciary duties. CSi is party to one set of proceedings brought in connection with SCFF in the High Court in London and in its capacity as "issuer" of notes that were linked to SCFF. In June 2024, the SCFFs made a voluntary offer to the investors to redeem all outstanding fund units. Fund units accepted in the offer were redeemed at 90% of the net asset value determined on 25 February 2021, net of any payments made by the relevant fund to the fund investors since that time. The CS AG entities subsequently made an offer to all holders of securities linked to the SCFFs issued by CSi and Credit Suisse AG, Nassau Branch (including the securityholder who has issued proceedings) inviting them to tender their securities for repurchase by the issuer. The offer to securityholders is due to expire on 10 September 2024. Those securityholders who elect to tender their securities for repurchase as part of the offer will be required to release any claims they may have had against the SCFFs, the CS AG entities or UBS.

In relation to the Archegos matter, CS AG entities and UBS have received requests for documents and information in connection with inquiries, investigations and/or actions relating to their relationships with Archegos Capital Management ('Archegos'), including from FINMA (assisted by a third party appointed by FINMA), the DOJ, the SEC, the US Federal Reserve, the US Commodity Futures Trading Commission ('CFTC'), the US Senate Banking Committee, the Prudential Regulation Authority ('PRA'), the FCA, COMCO, the Hong Kong Competition Commission and other regulatory and governmental agencies. CS AG has and UBS is cooperating with the authorities in these matters.

In July 2023, CSi and CSS(E)L entered into a settlement agreement with the PRA providing for the resolution of the PRA's investigation. UBS Group AG, CS AG, Credit Suisse Holdings (USA) Inc., and CS AG, New York Branch entered into an Order to Cease and Desist with the Board of Governors of the Federal Reserve System. Under the terms of the order, the CS AG entities agreed to pay a civil money penalty of USD 269m and to undertake certain remedial measures. FINMA also entered a decree dated 14 July 2023 announcing the conclusion of its enforcement proceeding, finding that CS AG entities had seriously violated financial market law in connection with its business relationship with Archegos and ordering remedial measures directed at CS AG and UBS Group AG, as the legal successor to Credit Suisse Group AG. Civil actions relating to CS AG entities' relationship with Archegos have been filed against CS AG entities and/or certain officers and directors, including claims for breaches of fiduciary duties.

In November 2018, Loreley Financing (Jersey) No. 30 Limited ('L30') filed a claim in the English High Court against certain CS AG entities, including CSi, seeking USD 100 million in damages, plus interest and costs, on the basis of a number of causes of action, including fraudulent misrepresentation. The claim concerns losses allegedly suffered by L30 relating to its purchase of certain notes in July 2007 issued in Ireland by Magnolia Finance II plc and linked to the credit of a reference portfolio of RMBS. Following service of the claim in the first quarter of 2020, the CS AG entities filed their Defence in June 2020. L30 served further amended versions of its claim in January and October 2022. The CS AG entities filed their amended Defence in November 2022. Trial concluded in June 2023. In November 2023 judgement was issued in favour of the CS AG entities, dismissing all claims brought by L30. In January 2024 L30 filed an application seeking permission from the Court of Appeal to appeal the judgment, which was subsequently withdrawn, thereby concluding the matter.

13 Financial Instruments

The accounting policies, control framework and hierarchy used to determine fair values at 30 June 2024 are consistent with those applied for the Annual Report and Financial Statements 2023.

This report is to be read in conjunction with the annual report for the year ended 31 December 2023.

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

- Analysis of financial instruments by categories, and
- Fair value measurement

Analysis of financial instruments by categories

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

Financial assets and liabilities by categories

		Carrying value			Total fair value
As at 30 June 2024	**Total carrying value**	Mandatorily at FVTPL	Designated at FVTPL	Amortised cost	
Financial assets (USD million)					
Cash and due from banks	1,775	–	–	1,775	1,775
Interest-bearing deposits with banks	10,291	–	–	10,291	10,291
Securities purchased under resale agreements and securities borrowing transactions	176	–	–	176	176
Trading financial assets mandatorily at fair value through profit or loss	40,567	40,567	–	–	40,567
Non-trading financial assets mandatorily at fair value through profit or loss	22,036	22,036	–	–	22,036
Loans and advances	2,552	–	–	2,552	2,576
Other assets	9,727	–	–	9,727	9,727
Total financial assets	**87,124**	**62,603**	**–**	**24,521**	**87,148**
Financial liabilities (USD million)					
Due to Banks	74	–	–	74	74
Securities sold under repurchase agreements and securities lending transactions	65	–	–	65	65
Trading financial liabilities mandatorily at fair value through profit or loss	39,358	39,358	–	–	39,358
Financial liabilities designated at fair value through profit or loss	5,091	–	5,091	–	5,091
Borrowings	13,684	–	–	13,684	13,684
Other liabilities	6,934	–	–	6,934	6,934
Debt in issuance	7,001	–	–	7,001	7,076
Total financial liabilities	**72,207**	**39,358**	**5,091**	**27,758**	**72,282**

As at 31 December 2023				Carrying value	**Total fair value**
	Total carrying value	Mandatorily at FVTPL	Designated at FVTPL	Amortised cost	
Financial assets (USD million)					
Cash and due from banks	3,627	–	–	3,627	3,627
Interest-bearing deposits with banks	8,319	–	–	8,319	8,319
Securities purchased under resale agreements and securities borrowing transactions	1,304	–	–	1,304	1,304
Trading financial assets mandatorily at fair value through profit or loss	63,309	63,309	–	–	63,309
Non-trading financial assets mandatorily at fair value through profit or loss	24,588	24,588	–	–	24,588
Loans and advances	3,187	–	–	3,187	3,254
Other assets	16,977	–	–	16,977	16,977
Total financial assets	**121,311**	**87,897**	**–**	**33,414**	**121,378**
Financial liabilities (USD million)					
Due to banks	31	–	–	31	31
Securities sold under repurchase agreements and securities lending transactions	358	–	–	358	358
Trading financial liabilities mandatorily at fair value through profit or loss	60,519	60,519	–	–	60,519
Financial liabilities designated at fair value through profit or loss	16,050	–	16,050	–	16,050
Borrowings	12,622	–	–	12,622	12,622
Other liabilities	8,604	–	–	8,604	8,604
Debt in issuance	8,108	–	–	8,108	8,125
Total financial liabilities	**106,292**	**60,519**	**16,050**	**29,723**	**106,309**

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

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

As at 30 June 2024	Level 1	Level 2	Level 3	Impact of netting [1]	**Total at fair value**
Assets (USD million)					
Debt securities	19	984	12	–	1,015
Equity securities	1,585	575	138	–	2,298
Derivatives	–	36,950	974	(727)	37,197
Other	–	53	3	–	56
Trading financial assets mandatorily at fair value through profit or loss	**1,604**	**38,562**	**1,127**	**(727)**	**40,566**
Securities purchased under resale agreements and securities borrowing transactions	–	22,344	–	(471)	21,873
Loans	–	129	43	(42)	130
Other Non-trading financial assets mandatorily at fair value through profit or loss	3	25	5	–	33
Non-trading financial assets mandatorily at fair value through profit or loss	**3**	**22,498**	**48**	**(513)**	**22,036**
Total assets at fair value	**1,607**	**61,060**	**1,175**	**(1,240)**	**62,602**

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

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

As at 30 June 2024	Level 1	Level 2	Level 3	Impact of netting [1]	Total at fair value
Liabilities (USD million)					
Debt securities	52	60	–	–	112
Equity securities	504	421	6	(419)	512
Derivatives	–	38,827	624	(717)	38,734
Trading financial liabilities mandatorily at fair value through profit or loss	**556**	**39,308**	**630**	**(1,136)**	**39,358**
Securities sold under resale agreements and securities borrowing transactions	–	3,243	–	(103)	3,140
Borrowings	–	47	–	–	47
Debt in issuance	–	864	242	–	1,106
Other financial liabilities designated at fair value through profit or loss	–	780	18	–	798
Financial liabilities designated at fair value through profit or loss	**–**	**4,934**	**260**	**(103)**	**5,091**
Total liabilities at fair value	**556**	**44,242**	**890**	**(1,239)**	**44,449**
Net assets/liabilities at fair value	**1,051**	**16,818**	**285**	**(1)**	**18,153**

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

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

As at 31 December 2023	Level 1	Level 2	Level 3	Impact of netting [1]	Total at fair value
Assets (USD million)					
Debt securities	60	1,681	100	–	1,841
Equity securities	3,110	718	140	–	3,968
Derivatives	1,342	56,088	903	(996)	57,337
Other	–	160	3	–	163
Trading financial assets mandatorily at fair value through profit or loss	**4,512**	**58,647**	**1,146**	**(996)**	**63,309**
Securities purchased under resale agreements and securities borrowing transactions	–	25,236	–	(1,326)	23,910
Loans	–	283	43	(56)	270
Other non-trading financial assets mandatorily at fair value through profit or loss	2	401	5	–	408
Non-trading financial assets mandatorily at fair value through profit or loss	**2**	**25,920**	**48**	**(1,382)**	**24,588**
Total assets at fair value	**4,514**	**84,567**	**1,194**	**(2,378)**	**87,897**

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

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

As at 31 December 2023	Level 1	Level 2	Level 3	Impact of netting [1]	Total at fair value
Liabilities (USD million)					
Debt securities	115	69	–	–	184
Equity securities	1,741	611	5	(584)	1,773
Derivatives	1,135	57,720	647	(940)	58,562
Other	–	–	–	–	–
Trading financial liabilities mandatorily at fair value through profit or loss	**2,991**	**58,400**	**652**	**(1,524)**	**60,519**
Securities sold under resale agreements and securities borrowing transactions	–	8,835	–	(835)	8,000
Borrowings	–	2,484	3	–	2,487
Debt in issuance	–	4,331	255	–	4,586
Other financial liabilities designated at fair value through profit or loss	–	973	4	–	977
Financial liabilities designated at fair value through profit or loss	**–**	**16,623**	**262**	**(835)**	**16,050**
Total liabilities at fair value	**2,991**	**75,023**	**914**	**(2,359)**	**76,569**
Net assets/(liabilities) at fair value	**1,523**	**9,544**	**280**	**(19)**	**11,328**

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

Transfers between Level 1 and Level 2

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

	6M24		6M23	
USD million	Transfers out of Level 1 to Level 2	Transfers to Level 1 out of Level 2	Transfers out of Level 1 to Level 2	Transfers to Level 1 out of Level 2
Assets				
Trading financial assets mandatorily at fair value through profit or loss	18	16	30	1,101
Total transfers in assets at fair value	**18**	**16**	**30**	**1,101**
Liabilities				
Trading financial liabilities mandatorily at fair value through profit or loss	4	38	1	1,280
Total transfers in liabilities at fair value	**4**	**38**	**1**	**1,280**

The transfers from Level 1 to Level 2 for financial assets and financial liabilities are mainly driven by the transfer of exchange traded options due to unobservability. All transfers were reported at the end of the reporting period.

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

Movements of Level 3 instruments

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

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

6M24	Balance as at 1 January 2024	Transfers in	Transfers out	Purchases	Sales	Issuances	Settlements	Trading revenues On transfers in/out [1]	Trading revenues On all other	Balance as at 30 June 2024
Assets at fair value (USD million)										
Debt securities	100	6	(4)	55	(75)	–	–	(5)	(65)	12
Equity securities	140	1	(1)	15	(15)	–	–	–	(2)	138
Derivatives	903	306	(101)	–	–	75	(337)	21	107	974
Other	3	–	–	–	–	–	–	–	–	3
Trading financial assets mandatorily at fair value through profit or loss	**1,146**	**313**	**(106)**	**70**	**(90)**	**75**	**(337)**	**16**	**40**	1,127
Loans	43	59 [2]	(2)	–	(23)	54	(55)	6	(39)	43
Other non-trading financial assets mandatorily at fair value through profit or loss	5	–	–	–	–	–	–	–	–	5
Non-trading financial assets mandatorily at fair value through profit or loss	**48**	**59**	**(2)**	**–**	**(23)**	**54**	**(55)**	**6**	**(39)**	**48**
Total assets at fair value	**1,194**	**372**	**(108)**	**70**	**(113)**	**129**	**(392)**	**22**	**1**	**1,175**

[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] Transfer in of USD 59 million is primarily driven by classification of NCL loan at FVTPL effective 1 January 2024 as these loans were transferred to be held for sale

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

6M24	Balance as at 1 January 2024	Transfers in	Transfers out	Purchases	Sales	Issuances	Settlements	Trading revenues On transfers in/out [1]	Trading revenues On all other	Balance as at 30 June 2024
Liabilities at fair value (USD million)										
Debt securities	–	–	–	–	–	–	–	–	–	–
Equity securities	5	–	–	–	–	–	–	–	1	6
Derivatives	647	360	(149)	–	–	130	(301)	40	(103)	624
Trading financial liabilities mandatorily at fair value through profit or loss	**652**	**360**	**(149)**	**–**	**–**	**130**	**(301)**	**40**	**(102)**	**630**
Borrowings	3	–	(2)	–	–	–	–	–	(1)	–
Debt in issuance	255	6	(4)	–	(25)	1	(10)	(2)	21	242
Other financial liabilities designated at fair value through profit or loss	4	–	–	–	–	–	–	–	14	18
Financial liabilities designated at fair value through profit or loss	**262**	**6**	**(6)**	**–**	**(25)**	**1**	**(10)**	**(2)**	**34**	**260**
Total liabilities at fair value	**914**	**366**	**(155)**	**–**	**(25)**	**131**	**(311)**	**38**	**(68)**	**890**
Net assets/liabilities at fair value	**280**	**6**	**47**	**70**	**(88)**	**(2)**	**(81)**	**(16)**	**69**	**285**

[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

6M23	Balance as at 1 January 2023	Transfers in	Transfers out	Purchases	Sales	Issuances	Settlements	Trading revenues: On transfers in/out [1]	Trading revenues: On all other	Balance as at 30 June 2023
Assets at fair value (USD million)										
Debt securities	645	65	(57)	635	(1,045)	–	–	(17)	(19)	207
Equity securities	374	18	(27)	13	(131)	–	–	1	(2)	246
Derivatives	1,104	365	(278)	–	–	350	(430)	43	(5)	1,149
Other	70	4	(47)	–	(9)	–	(12)	1	5	12
Trading financial assets mandatorily at fair value through profit or loss	**2,193**	**452**	**(409)**	**648**	**(1,185)**	**350**	**(442)**	**28**	**(21)**	**1,614**
Loans	28	–	–	–	(9)	13	(10)	–	3	25
Other non-trading financial assets mandatorily at fair value through profit or loss	3	2	–	–	–	–	–	–	–	5
Non-trading financial assets mandatorily at fair value through profit or loss	**31**	**2**	**–**	**–**	**(9)**	**13**	**(10)**	**–**	**3**	**30**
Total assets at fair value	**2,224**	**454**	**(409)**	**648**	**(1,194)**	**363**	**(452)**	**28**	**(18)**	**1,644**

[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

6M23	Balance as at 1 January 2023	Transfers in	Transfers out	Purchases	Sales	Issuances	Settlements	Trading revenues: On transfers in/out [1]	Trading revenues: On all other	Balance as at 30 June 2023
Liabilities at fair value (USD million)										
Debt securities	20	–	–	–	–	–	–	–	(20)	–
Equity securities	8	–	–	–	(4)	–	–	–	4	8
Derivatives	1,462	296	(442)	–	–	335	(302)	142	314	1,805
Trading financial liabilities mandatorily at fair value through profit or loss	**1,490**	**296**	**(442)**	**–**	**(4)**	**335**	**(302)**	**142**	**298**	**1,813**
Borrowings	242	3	(18)	–	–	32	(199)	–	(6)	54
Debt in issuance	1,962	82	(99)	–	–	50	(1,187)	10	25	843
Other financial liabilities designated at fair value through profit or loss	7	–	–	10	(10)	–	–	(2)	–	5
Financial liabilities designated at fair value through profit or loss	**2,211**	**85**	**(117)**	**10**	**(10)**	**82**	**(1,386)**	**8**	**19**	**902**
Total liabilities at fair value	**3,701**	**381**	**(559)**	**10**	**(14)**	**417**	**(1,688)**	**150**	**317**	**2,715**
Net assets/liabilities at fair value	**(1,477)**	**73**	**150**	**638**	**(1,180)**	**(54)**	**1,236**	**(122)**	**(335)**	**(1,071)**

[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)

	6M24	6M23
Trading revenues (USD million)		
Net realised and unrealised gains/(losses) included in net revenues	53	(457)
Whereof:		
Changes in unrealised gains/(losses) relating to assets and liabilities still held as of the reporting date		
Trading financial assets mandatorily at fair value through profit or loss	80	243
Non-trading financial assets mandatorily at fair value through profit or loss	2	(16)
Trading financial liabilities mandatorily at fair value through profit or loss	(92)	(647)
Financial liabilities designated at fair value through profit or loss	(9)	28
Total changes in unrealised gains/(losses) relating to assets and liabilities still held as of the reporting date	**(19)**	**(392)**

Transfers in and out of Level 3

The transfers into Level 3 are mainly driven by Debt securities, Derivatives, Debt in Issuance and Others due to limited observability of pricing data and reduced pricing information from external providers. All transfers were reported at the end of the reporting period.

The transfers out of Level 3 are mainly driven by Debt securities, Derivatives, Debt in Issuance and Others due to improved observability of pricing data and increased availability of pricing information from external providers. All transfers were reported at the end of the reporting period.

Quantitative disclosures of valuation techniques

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

As at 30 June 2024 USD million, except as indicated	Fair Value	Valuation technique	Unobservable input	Lower value	Upper value	Weighted average
Assets at fair value						
Debt securities	**12**					
of which	3	Option model	Correlation, in %	43	100	68
	2		Credit spread, in bp	129	131	130
	1		Fund Gap Risk, in %	–	–	–
	2		Price, in %	40	40	40
	3		Volatility, in %	2	86	20
Equity securities	**138**					
of which	35	Price	Price, in actuals	–	183	23
	103		Unadjusted NAV, in USD	–	422	208
Derivatives	**974**					
of which interest rate products	199					
of which	16	Option model	Correlation in %	71	99	85
	168		Mean reversion, in %	(21)	25	19
	13		Volatility, in %	2	135	20
of which	1	Discounted Cash Flow	Volatility, in %	48	67	57
of which foreign exchange products	161					
of which	3	Option model	Correlation in %	55	55	55
	136		Mean reversion, in %	(55)	20	(8)
	13		Prepayment rate in %	14	20	17
of which	6	Discounted Cash Flow	Credit spread, in bp	24	154	175
of which equity/index-related products	521					
of which		Option model	Buyback probability, in %	–	–	–
	230		Correlation, in %	43	100	68
	290		Volatility, in %	2	86	20
of which	1	Price	Price, in actuals	–	183	23
of which credit derivatives	93					
of which	41	Discounted cash flow	Credit spread, in bp	3	2,967	111
	49		Discount Rate, in %	99	100	99
of which	1	Price	Price in %	89	89	89
of which precious metals products	–					
of which	–	Option model	Volatility, in %	16	18	16
Other	**8**					
of which trading	3					
	2	Market Comparable	Price, in %	23	23	23
Loans	**43**					
of which commercial and industrial loans	–					
of which	23	Market Comparable	Price, in %	94	94	94
	7	Price	Price in %	89	89	89
of which loans held-for-sale	13	Market Comparable	Price, in %	8	8	8
	2	Discounted cash flow	Credit spread, in bp	35	35	35
of which loan commitment at fair value	3	Market Comparable	Price, in %	–	–	–

As at 30 June 2024 USD million, except as indicated	Fair Value	Valuation technique	Unobservable input	Lower value	Upper value	Weighted average
Liabilities at fair value (USD million)						
Equity securities	**6**					
of which	6	Price	Price, in actuals	–	183	23
Derivatives	**624**					
of which interest rate products	98					
of which	–	Discounted cash flow	Volatility, in %	1	6	4
of which	22	Option model	Correlation, in %	43	100	68
	4		Mean reversion, in %	–	25	19
	66		Volatility, in %	–	135	8
of which foreign exchange products	28					
of which	7	Discounted cash flow	Credit spread, in bp	154	154	154
of which	–	Option model	Correlation, in %	–	–	–
	–		Mean reversion, in %	(21)	20	–
	17		Prepayment rate, in %	14	20	17
of which equity/index-related products	406					
of which	27	Discounted cash flow	Volatility, in %	5	5	5
of which	47	Option model	Correlation, in %	43	100	68
	312		Volatility, in %	2	135	20
of which	22	Price	Price, in actuals	–	183	23
of which credit derivatives	92					
of which	25	Discounted cash flow	Credit spread, in bp	3	2,967	125
	58		Discount Rate, in %	99	100	99
of which precious metals products	–					
of which	–	Option model	Volatility, in %	16	18	16
Debt in issuance	**242**					
of which structured notes over two years	163					
of which		Option model	Buyback probability, in %	–	–	–
	13		Correlation, in %	43	100	68
	133		Unadjusted NAV, in USD	–	422	208
	17		Volatility, in %	2	135	20
of which other debt over two years	79					
of which	77	Option model	Unadjusted NAV, in USD	–	422	208
of which structured notes between one and two years	–					
of which		Option model	Buyback probability, in %	–	–	–
	1		Correlation, in %	43	100	68
Other Financial liabilities	**18**					
of which Loan Commitment at Fair Value						
of which	5	Market Comparable	Price, in %	–	94	11

As at 31 December 2023 Group (USD million except as indicated)	Fair Value	Valuation technique	Unobservable input	Lower value	Upper Value	Weighted average
Assets at fair value						
Debt securities	**100**					
of which	21	Option model	Correlation, in %	(50)	100	69
	4		Credit spread, in bp	30	148	132
	8		Fund Gap Risk, in %	–	–	–
	3		Price in %	30	100	40
	23		Volatility, in %	2	142	26
of which	17	Discounted cash flow	Credit spread in bp	4	370	318
of which	17	Market comparable	Price in %	1	62	11
Equity securities	**140**					
of which	30	Price	Price, in actuals	–	119	35
	110		Unadjusted NAV	–	54,565	1,655
Derivatives	**903**					
of which interest rate products	183					
of which	9	Option model	Correlation in %	25	100	65
	145		Mean reversion, in %	(21)	25	15
	–		Prepayment rate in %	15	21	18
	17		Volatility, in %	–	142	21
of which foreign exchange products	177					
of which	3	Option model	Correlation, in %	55	55	55
	160		Mean reversion, in %	(55)	20	(5)
of which	13	Discounted Cash Flow	Credit spread, in bp	6	62	42
of which equity/index-related products	340					
of which	128	Option model	Correlation, in %	(50)	100	69
	6		Fund Gap Risk, in %	–	–	–
	–		Mean reversion, in %	7	25	16
	197		Volatility, in %	2	142	26
of which	8	Price	Price, in actuals	–	119	35
of which credit derivatives	203					
of which	63	Discounted cash flow	Credit spread, in bp	3	2,002	199
	55		Discount Rate, in %	10	10	10
	20		Recovery rate, in %	–	–	–
of which	57	Price	Price, in %	76	102	100
Other	**8**					
of which trading						
of which	3	Market comparable	Price, in %	–	43	42
of which other						
of which	2	Discounted cash flow	Credit spread in bp	–	35	27
Loans	**43**					
of which	15	Price	Price in %	76	76	76
of which	25	Discounted cash flow	Credit spread, in bp	1,217	1,217	1,217

As at 31 December 2023(USD million except as indicated)	Fair Value	Valuation technique	Unobservable input	Lower value	Upper value	Weighted average
Liabilities at fair value						
Equity securities	**5**					
of which	5	Price	Price, in actuals	–	119	35
Derivatives	**647**					
of which interest rate products	86					
of which	2	Option model	Correlation, in %	(25)	100	62
	4		Mean reversion, in %	–	25	17
	4		Prepayment rate, in %	15	21	18
	74		Volatility, in %	–	142	7
of which foreign exchange products	5					
of which	1	Option model	Correlation, in %	55	55	55
	1		Mean reversion, in %	(21)	20	–
of which equity/index-related products	358					
of which	42	Option model	Correlation, in %	(50)	100	69
	294		Volatility, in %	2	142	26
of which	22	Price	Price, in actuals	–	119	35
of which credit derivatives	198					
of which	68	Discounted cash flow	Credit spread, in bp	3	2,002	293
	55		Discount Rate, in %	10	10	10
	20		Recovery rate, in %	–	–	–
of which	51	Price	Price, in %	102	102	102
Debt in issuance	**255**					
of which structured notes over two years	128					
of which	8	Option model	Correlation, in %	(50)	100	69
	110		Unadjusted NAV	–	54,565	1,655
	10		Volatility, in %	2	142	26
of which other debt instruments over two years	31					
of which	31	Option model	Unadjusted NAV	–	54,565	1,655
of which structured notes between one and two years	21					
of which	2	Option model	Correlation, in %	(50)	100	69
	18		Unadjusted NAV	–	54,565	1,655
of which other debt instruments between one and two years	48					
of which	48	Option Model	Unadjusted NAV	–	54,565	1,655
of which non-recourse liabilities	27					
of which	26	Market Comparable	Price, in %	1	40	10
of which	3	Option model	Correlation, in %	(50)	100	69
Other Financial liabilities designated at fair value	**4**					
of which other						
of which loan commitment at fair value	–	Discounted cash flow	Price, in %	–	–	–
	4	Market Comparable	Price, in %	–	1	–

Sensitivity analysis of unobservable input parameters

The fair value of certain financial instruments recognised in the Unaudited Condensed Consolidated Interim Financial Statements is dependent in part or fully upon unobservable parameters which may include market inputs, prices or other data. The following table summarises the sensitivity of these financial instruments to reasonable changes in the assumptions underlying these parameters:

	As at 30 June 2024		As at 31 December 2023	
	Favourable changes	Unfavourable changes	Favourable changes	Unfavourable changes
Impact on net income/(loss) (USD million)				
Derivative assets and liabilities	72	(70)	159	(150)
Debt and equity securities	1	(1)	3	(3)
Loans	16	(9)	11	(4)
Other	2	(2)	17	(15)
Total	**91**	**(82)**	**190**	**(172)**

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.

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

Recognition of trade date profit

If there are significant unobservable inputs used in the valuation technique, the financial instrument is recognised at the transaction price and any profit implied from the valuation technique at trade date is deferred over the life of the contract or until the fair value is expected to become observable.

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

	6M24	6M23
Deferred trade date profit (USD million)		
Balance at the beginning of period	229	472
Increase due to new trades	10	36
Reduction due to passage of time	(12)	(58)
Reduction due to redemption, sales, transfers or improved observability	(148)	(59)
Balance at the end of period	**79**	**391**

14 Financial Instruments Risk Position

CSi manages its risks under global policies complemented where appropriate by legal entity supplements. The CSi risk management process is designed to ensure that there are sufficient controls to measure, monitor and control risks in accordance with CSi's control framework and in consideration of industry practices.

Upon legal close of the acquisition of Credit Suisse Group AG by UBS Group, UBS Group's risk management practices have been applied to material risks of CS group. Positions and businesses not aligned with the core strategy and policies of UBS Group were ringfenced within Non-core and Legacy, with the aim of a timely and orderly wind down. UBS Group's transactional approval authorities are applied to CSi and a set of risk standards and escalation protocols have been put in place to ensure the application of the UBS Group risk appetite to the combined organization.

Development of trading portfolio risks

The following table shows the trading related market risk exposure along with foreign exchange and commodity risks in the banking book for the CSi group, as measured by ten-day holding period, 99% confidence level Value at Risk ('VaR'). The VaR model used by CSi is based on a historical simulation approach over a two-year historical dataset. VaR estimates are computed separately for each risk type and for the whole portfolio. The diversification benefit reflects the net difference between the sum of the 99th percentile loss for each individual risk type and for the total portfolio.

Ten-day, 99% VaR – trading portfolios

End of period	Interest rate and credit spread [4]	Foreign exchange [1,4]	Commodity [1,4]	Equity [4]	Diversification benefit [2]	Total
6M24						
Average	22	4	2	13	(23)	18
Minimum	8	1	1	7	– [3]	9
Maximum	33	8	3	18	– [3]	27
End of period	11	3	1	8	(12)	10
2023 (USD million)						
Average	32	3	4	23	(34)	28
Minimum	20	0	1	12	– [3]	13
Maximum	61	11	12	48	– [3]	55
End of period	20	5	2	12	(22)	16

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

VaR results

The Bank's ten-day, 99% regulatory VaR as at 30 June 2024 was USD 10 million (31 December 2023: USD 16 million). The decrease in VaR is driven by decreased risks across the entire portfolio as CSi is in wind-down.

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

For capital purposes, a back-testing multiplier is added to the capital multiplier and increases (up to a maximum of 1) for every back-testing exception over four in the prior rolling 12-month period. This is calculated using the higher number of exceptions under either actual or hypothetical daily trading revenues. The back-testing multiplier is equal to zero as the Bank had four actual back-testing exceptions in the 12-months period ending 30 June 2024 (31 December 2023: The multiplier was 0.4 due to six actual back-testing exceptions).

Interest rate sensitivity position in the non-trading portfolio

Interest rate risk on banking book is measured using sensitivity analysis that estimates the potential change in value resulting from one basis point changes in interest rate yield curves ('DV01'). The impact on the fair value of interest rate-sensitive positions would be USD 0.03 million as at 30 June 2024 compared to USD 0.04 million as of 31st December 2023.

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

As at 30 June 2024, the worst fair value potential impacts were driven by the parallel increase in the interest rate across the yield curve leading to fair value loss of USD 14.8 million. In comparison, the 31 December 2023 worst fair value potential impacts were generated by the flattening of the yield curve which also drove a fair value loss of USD 18.2 million.

Credit Risk Overview

Overall credit risk exposure (defined as the current mark-to-market value of traded products and committed amounts for loans, net of risk mitigation such as collateral, credit insurance, and guarantees) decreased in the six months to June 2024 to USD 3,655 million (USD 6,464 million as at December 2023). This decrease was driven by an overall reduction in trading activity during the first half of 2024, given the de-risking strategy followed for CSi. The portfolio remains weighted towards strong counterparties in industrialized countries, with 86% of exposure rated investment grade. The main driver of credit risk in CSi is trading in OTC derivatives. The largest drivers of exposure by sector are counterparties in financial industries, with CCPs making up 63% of exposure as of June 2024.

On a potential exposure basis, exposure in CSi decreased by USD 7 billion in the half year June 2024 to USD 9.9 billion (31 December 2023: USD 16.9 billion). Potential exposure for each trading relationship is calculated as 95 percentiles of a distribution of possible future exposures. OTC derivatives were the main driver of the overall exposure move, with exposure reducing by USD 5 billion to USD 6.6 billion (31 December 2023: USD 11.6 billion). Lending exposure decreased during first half of 2024 to USD 578 million (31 December 2023: USD 1 billion). The CSi repurchase agreement portfolio had exposure of USD 929 million (31 December 2023: USD 724 million).

As noted previously (under the Principal risk and uncertainties section of the management report), Credit Risk Management maintains a Watchlist for monitoring and reporting counterparties with negative factors. During H1 2024 exposure on the Watchlist decreased by USD 140 million to USD 167 million as of 30 June 2024 (31 December 2023: USD 307 million).

15 Interest in Other Entities

Composition of the CSi group

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

The following table sets forth the changes from 31 December 2023 in related undertakings in subsidiaries that the CSi group owns, directly or indirectly.

Entity Name	Domicile	Currency	Percentage of ownership held June 2024	Percentage of ownership held 2023
HOLT Global Equity Fund	Luxembourg	USD	100	–
Argentum Capital Series 2016-50, 2019-41, 2019-30	Luxembourg	USD	100	–
Argentum Capital Series 2016-36, 2015-32	Luxembourg	USD	–	100
Clearwater Seller Limited	United Kingdom	USD	–	100
Ascent Finance Limited Series 2020-25, 2021-9015	Cayman Islands	USD	–	100
BOATS 663 (SENKO 25 CB Repack)	Jersey	USD	–	100
Silver Hake Limited	Gibraltar	EUR	–	100
AI3 (USD) Segregated Portfolio	Cayman Islands	USD	–	100
Westwood S.A	Portugal	EUR	–	100
Morstan Investments B.V.	Netherlands	USD	–	100

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