Independent auditors' report to the members of Credit Suisse Asset Management Limited

Report on the audit of the financial statements

Opinion

In our opinion, Credit Suisse Asset Management Limited's financial statements:

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

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

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

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

Reporting on other information

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

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

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

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

Strategic report and Directors' Report

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

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to those determined by the Financial Conduct Authority (FCA), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and corporate tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management and those charged with governance in relation to known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing key correspondence with regulatory authorities including the FCA;
- Reviewing Board meeting and other relevant Committee minutes to identify any significant or unusual transactions or other matters that could require further investigation;
- Challenging assumptions and judgements made by management in determining significant accounting estimates, in particular those related to the valuation of financial instruments; and
- Identifying and testing journal entries, including those posted with particular descriptions, relating to particular dates or with other unusual characteristics.

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Amena Shaista (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
19 April 2024

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2023

1. General

Credit Suisse Asset Management Limited is a company incorporated and domiciled in the United Kingdom. The address of the Company's registered office is One Cabot Square, London E14 4QJ. The financial statements were authorised for issue by the directors on 19 April 2024.

2. Material accounting policies

a) Statement of compliance

These financial statements of CSAML have been prepared on a going concern basis and in accordance with UK-adopted International Accounting Standards and the requirements of the Companies Act 2006 as applicable to companies using IFRS.

b) Basis of preparation

The Company's functional currency is Great British Pounds ('£' or 'GBP') hence, financial statements are presented in GBP rounded to the nearest thousand. They are prepared on the historical cost basis except for financial instruments mandatorily at fair value through profit and loss, which are stated at their fair value. The accounting policies set out below have, unless otherwise stated, been consistently applied to all the periods presented in these financial statements.

The preparation of financial statements in conformity with UK-adopted IFRS requires management to make assumptions, estimates and judgements that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable. The results of these estimates form the basis of judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Critical accounting estimates and judgements applied to these financial statements are set out in Note 3 – Critical accounting estimates and judgements

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 where 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.

Certain reclassifications have been made to the prior year financial statements of the Company to conform to the current year's presentation and none had any impact on net profit/(loss) or total equity of the Company. These reclassifications are not material.

Going Concern

The Board has assessed of the ability of CSAML 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 CSAML 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.

CSAML is a regulated entity and is expected to be re-parented under UBS Asset Management Holding Ltd ('UBS AM Holding Ltd') in Q2 2024.

CSAML is reliant on funding from Credit Suisse AG ('CS AG') which has provided a letter of intent to ensure CSAML can meet its debt obligations from 11 April 2024 for the next 18 months. CS group runs a global liquidity rebalancing process across major legal entities to respond to liquidity demands across the CS group. UBS Group AG, the ultimate parent entity has also provided a letter of support that confirms the intent to keep CS AG in good standing and in compliance with its requirements as well as debt covenants and to fully support

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2023

2. Material accounting policies (continued)

its operating, investing and financing activities through at least one year and a day through at least 28 April 2025, or a merger with UBS AG, if earlier.

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

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

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

c) Interest income and expense

Interest income and expense is recognised for all financial assets and liabilities measured using the effective interest method.

d) Revenue

Under IFRS 15, revenue is measured based on the consideration specified in a contract with a client and excludes any amounts collected on behalf of third parties. The Company recognises revenue when it satisfies a contractual performance obligation. Variable consideration is only included in the transaction price once it is probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the amount of variable consideration is subsequently resolved.

Generally, no significant judgement is required with respect to recording variable consideration. At each performance measurement period (e.g. daily, monthly, quarterly), recognition of the cumulative amount of the consideration to which the Company is entitled is no longer constrained because it is calculated based on a known account value and the fee revenue is no longer variable.

Performance obligations are typically satisfied as the services in the contract are rendered. The contract terms are generally such that they do not result in any contract assets. The contracts generally do not include a significant financing component or obligations for refunds or other similar obligations.

Revenue represents different types of fees and is based on different services provided by the Company. It includes Management fees, Advisory fees, Performance fees, Distribution fees, Placement fees, and Coupon and unrealised Market to Market ('MTM') amounts in relation to risk retention investments in CLOs.

- Portfolio management fees are allocated based on management fee percentage based on underlying assets.
- Advisory fee is earned over the respective service period of the arrangement as indicated on the agreement/contract.
- Performance-linked fees or fee components are recognised when the recognition criteria are fulfilled. Examples include warehousing and structuring fees associated with the launch of a CLO.
- Distribution fees are allocated on the basis of average monthly holdings attributed to the Company.
- Placement fees earned by the Company are based on a share (currently 22%) of global placement fees and are recognised when transactions are formally concluded.
- Recurring fees, such as management fees and advisory fees, are recognised on an accrual basis. Initial fees received at the inception of a contract are recognised as revenue when earned.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2023

2. Material accounting policies (continued)

e) Allocation of expenditure

Administrative expenses include amounts recharged from other UBS group subsidiary undertakings on a basis which appropriately reflects the costs applicable to the Company.

f) Share-based payments

The Company grants shares in its ultimate parent, UBS Group AG, to certain employees. The Company pays for UBS group shares at market value at the time of settlement to employees.

Share-based awards are classified as cash-settled share-based payment plans. As a consequence, the Company recognises a proportion of the liability in respect of the vested and unvested and unsettled portion of the award at the current market value determined at each balance sheet date.

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

Share-based awards can be made to employees in one of the following ways:

- Phantom Share Awards;
- Special Awards, which are typically awarded upon hiring of certain senior employees or in relation to business acquisitions. The terms (including amount, vesting and settlement) of such awards vary from award to award;
- Performance Share Awards; and
- Contingent Capital share awards.

Phantom Share and Performance Share Awards are accrued over the vesting period. Special Awards are accrued over the vesting period as per award terms. Changes in foreign exchange and market value of share plan obligations between grant date and settlement date are expensed within operating expenses. The total value of awards accrued and outstanding at end of the accounting year is classified as a liability.

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

g) Holiday pay

The Company recognises a provision for holidays carried forward into the current year by its employees up to a maximum of 10 days per employee. For any employees who were unable to use all of their holiday due to exceptional circumstances, carry over in excess of 10 days may be permitted into 2024.

h) Other compensation plans

The Company has other deferred compensation plans in the form of fixed or variable deferred cash compensation. For these awards, the compensation expense is recognised over the required service period for the employee, which is normally the stated vesting term. For certain plans, recognition of the compensation expense is accelerated to the date an employee becomes eligible for retirement. Certain awards also contain a performance condition, whereby the final cash payout would be dependent upon the performance of certain instruments, a division within UBS or the UBS group as a whole.

Other compensation plans include Notional Hedge Fund Awards, which provide employees with compensation determined by reference to the returns on an investment in one or more Credit Suisse sponsored hedge funds.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2023

2. Material accounting policies (continued)

Each award vests in equal amounts over three years on each of the three anniversaries of the grant date. The expense recognition will occur over the three-year vesting period, subject to service conditions.

i) Retirement benefit costs

The Company contributes to various defined contribution pension plans primarily in the UK. In addition, the Company contributes towards the cost of death in service benefits and pension plan administration. The Company is also a participant in the UK Defined Benefit Plan ('UK DB Plan'). In accordance with the provisions of IAS 19 “Employee Benefits”, for defined benefit plans that share risks between various entities under common control, no retirement benefit obligation is recognised in the Consolidated Statement of Financial Position of the Company for the UK DB Plan and defined contribution accounting is applied, as the Company has no contractual agreement or stated policy for incurring any charges by the sponsoring employer for the defined benefit cost. The Company’s share of the retirement benefit obligation is instead recognised in the Consolidated Statement of Financial Position of the sponsoring entity, CSi, a related party also part of UBS group.

j) Foreign currency

The Company's functional currency is GBP. Transactions denominated in currencies other than GBP are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to GBP at the foreign exchange rate ruling at that date. Foreign exchange differences arising from translation are recognised in the Income Statement. Non-monetary assets and liabilities denominated in foreign currencies at the reporting date are not revalued for movements in foreign exchange rates.

k) Income tax and Deferred tax

Income tax recognised in the Income Statement for the year comprises current and deferred taxes.

Income tax is recognised in the Income Statement except to the extent to which it relates to items recognised directly in equity, in which case the income tax is recognised in equity. For items initially recognised in equity and subsequently recognised in the Income Statement, the related income tax is also subsequently recognised in the Income Statement.

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

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

Deferred tax is provided using the Statement of Financial Position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax-base. The principal temporary differences for the Company arise from its deferred compensation. The amount of deferred tax provided is based on the amount at which the Company is expected to recover or settle the carrying amount of assets and liabilities in the Statement of Financial Position, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent to which it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Tax assets and liabilities of the same type (current

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2023

2. Material accounting policies (continued)

or deferred) are offset when they arise from the same tax reporting group, they relate to the same tax authority, the legal right to offset exists and they are intended to be settled net or realised simultaneously.

Information as to the calculation of income tax on the profit or loss for the periods presented is included in Note 7 – Income tax (charge)/ benefit.

l) Cash and due from banks

For the purpose of the preparation and presentation of the statement of cash flows, cash and cash equivalents comprise the components of cash and amounts due from banks that are short-term, highly liquid instruments with original maturities of three months or less that are subject to an insignificant risk of change in their fair value and that are held or utilised for the purpose of cash management.

Cash and cash equivalents are measured at amortised cost and are subject to impairment.

m) Other receivables

Other receivables are initially recorded at fair value, plus any directly attributable transaction costs, and are subsequently amortised on an effective interest method, less impairment losses. The effective interest will be re-estimated in the event of an impairment loss. When calculating the effective interest, the Company estimates cash flows considering all contractual terms of the financial instruments including premiums, discounts, fees and transactions costs but not future credit losses.

n) Financial assets and liabilities

Financial assets are classified on the basis of two criteria: 1) the business model of why the financial assets are held and how they are managed and 2) the contractual cash flow characteristics of the financial asset. These factors determine whether the financial assets are measured at Amortised Cost, Fair Value Through Other Comprehensive Income ('FVOCI') or Fair Value Through Profit and Loss ('FVTPL').

The business model assessments are performed by considering the way in which the financial assets are managed to achieve a particular business objective as determined by management. The assessment is made at the level at which the group of financial assets are managed. These assessments are based on reasonable expectations.

Financial assets measured at amortised cost includes Cash and due from banks, Amounts owed by UBS group companies and Fees and other receivables.

Financial assets which are managed on a fair value basis include ‘Non-trading financial assets mandatorily at fair value through profit or loss’ and measured at fair value through profit or loss this includes CLOs. Related realised and unrealised gains and losses are included in 'Unrealised gains/(losses) from financial assets at FVTPL'.

Financial liabilities include intra-group borrowings and payables. Intra-group borrowings, demand deposits and payables are recognised initially at fair value net of transaction costs. These liabilities are subsequently stated at amortised cost using the effective interest rate method. Financial liabilities are classified as current unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2023

2. Material accounting policies (continued)

o) Impairment of financial assets

The impairment requirements apply primarily to financial assets measured at amortised cost and FVOCI. The impairment requirements are based on a forward-looking expected credit loss ('ECL') model by incorporating reasonable and supportable forecasts of future economic conditions available at the reporting date. This requires considerable judgement over how changes in economic factors affect ECLs, which is determined on a probability-weighted basis.

All financial assets attract a 12-month ECL on origination (Stage 1) except for financial assets that are credit impaired upon purchase or origination. When the credit risk has increased significantly since initial recognition of the financial instrument, the impairment measurement is changed from a 12-month ECL (Stage 1) to a lifetime ECL (Stage 2). A financial asset moves into Stage 3 when it becomes credit-impaired.

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

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

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

Grouping financial assets measured on a collective basis:

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

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

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

Impairment on receivables

Receivables are initially recorded at fair value, plus any directly attributable transaction costs, and are subsequently amortised on an effective interest method less any impairment losses.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2023

2. Material accounting policies (continued)

Information as to the calculation of ECL and maximum exposure to Credit Risk by credit rating is included in Note 22 - Financial risk management.

p) Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date. The fair value measurement guidance establishes a single authoritative definition of fair value and a framework for its measurement. Fair value can be based on: quoted market prices (unadjusted); observable inputs other than quoted prices; or unobservable inputs. The inputs that are used to calculate the fair value determine at which level of the fair value hierarchy the instrument is categorised.

Certain financial assets are presented as 'Financial assets mandatorily at fair value through profit or loss'. All fair value changes relating to these financial instruments held at fair value through profit or loss are recognised in 'Unrealised gains/ (losses) from financial assets at fair value through profit or loss'. Refer Note 20 – Financial Instruments.

q) Dividends

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

r) Provisions

Provisions are recognised for present obligations as a result of past events where the outflow of economic benefits is probable and can be reliably measured. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation as of the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. The expense recognised when provisions are established is recorded in general and administrative expenses within other expenses on the Income Statement.

s) Discontinued Operations

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2023

2. Material accounting policies (continued)

t) New and amended IFRS Standards applied with no material effect on the financial statements

The following new and revised IFRSs, which became effective for financial years beginning on or after 1 January 2023, have been adopted in these financial statements.

New and revised IFRSs	Effective for financial years beginning on or
Amendments to IAS 8 - Definition of accounting estimates	1 January 2023
Amendments to IAS 12 - Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of accounting policies	1 January 2023
Amendments to IAS 17 - Insurance contract	1 January 2023

The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

u) New and revised IFRS in issue but not yet effective and not early adopted

The Company is not yet required to adopt the following standards and interpretations which are issued by the IASB but not yet effective.

New and revised IFRSs	Effective for financial years beginning on or after
Amendments to IAS 1 Classification of Liabilities as Current or Non - current	1 January 2024
Amendments to IFRS 10 and IAS 28-Sale or contribution of assets between an investor and its associate or joint venture	NA*
Amendments to IFRS 7 and IAS 7-Supplier Finance Arrangements	1 January 2024
Amendments to IFRS 16-Leases	1 January 2024

*In December 2015, the IASB decided to defer the application date of this amendment until such time as the IASB has finalised its research project on the equity method.

The management anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements as and when they are applicable and the adoption of these new standards, interpretations and amendments may have no material impact on the financial statements of the Company in the year of initial application.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2023

3. Critical accounting estimates and judgements

In order to prepare the financial statements in accordance with UK-adopted IFRS and the applicable legal requirements of the Companies Act 2006, management is required to make critical judgements. These estimates are based upon judgement and the information available at the time and actual results may differ materially from these estimates.

Management believes that the estimates and assumptions used in the preparation of these financial statements are reasonable and consistently applied.

Management believes that the critical accounting estimates discussed below involve the most significant judgements. Use of available information and application of judgement are inherent in the formation of estimates. Actual results in the future could differ from such estimates and the differences may be material to the Financial Statements.

Valuation of investments in debt securities

When determining the fair value of an instrument, the Company maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Where the fair value is not determined using a quoted price in an active market for an identical asset or liability or a valuation technique that uses data from observable inputs, then reserves would be established for unrealised gains or losses evident at the inception of the contracts so that no gain or loss is recorded at inception. Such reserves would be amortised to income over the life of the instrument or released into income when observable inputs becomes available.

Critical estimate

Fair values of the investments in CLOs may be available through quoted prices, which are often based on the prices at which similarly structured and collateralised securities trade between dealers and to and from customers. Fair values of CLOs for which there are significant unobservable inputs are valued using the broker quote. The valuation of investments in CLOs are subject to periodic price-testing by Valuation Control within the UBS Group. Please see Note 20 – Financial Instruments.

Structured entities

As part of CIG's business the Company engages in various transactions that include structured entities. A structured entity is one that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

Transactions with structured entities are generally executed to facilitate securitisation activities or to meet specific client needs, such as providing liquidity or investment opportunities. The Company may hold interests in the structured entities as part of these activities. Please see Note 21 – Disclosures of interest in other entities and Note 22 – Financial risk management.

Key judgements

The Company discloses information about significant judgements and assumptions made in determining whether the Company has (joint) control of, or significant influence over, another entity. The Company provides disclosures with regards to unconsolidated structured entities such as when it sponsors or has an interest in such an entity. Please see Note 21 – Disclosures of interest in other entities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2023

4. Net interest income

	2023	2022
	£000	£000
Interest income	16,047	8,882
- of which relates to financial instruments held at fair value through profit or loss	15,613	8,569
- of which are held at amortised cost	434	313
Interest expense	(11,306)	(1,470)
- of which relates to financial instruments held at amortised cost	(11,306)	(1,470)
Net interest income	**4,741**	**7,412**

Whilst IFRS requires an analysis of the interest expense into amounts relating to financial assets measured at fair value and those measured at amortised cost, interest expense of £11,301k (2022: £1,403k) is associated with short-term borrowings taken from other UBS group companies for the purpose of funding the investments in debt securities and foreign currency exposure management.

Amounts in the above note includes continued operations.

5. Non-interest income

	2023	2022
	£000	£000
Management fees	47,078	50,393
Placement fees	—	448
Distribution fees	660	678
Other fees	1,118	1,685
Non-interest income	**48,856**	**53,204**

The Company earns fees from its investment management roles across various funds and Special Purpose Vehicles ('SPVs'). Management fees decrease relates mainly to a reduction in relation to fees from the PCO direct lending fund. Placement fees are earned on a global AM distribution agreement and no such fees were earned in 2023. Other fees primarily relate to the reimbursement of costs associated with the Real Estate business in UK. Certain fees have not been accrued due to the uncertainty over the ability to receive payment.

There is an unrealised MTM gain of £14,133k (2022: loss of £22,959k) relating to the Company's investments in debt securities of CLOs.

Amounts in the above note includes continued operations.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2023

6. Operating expenses

	2023	2022
	£000	£000
Compensation and benefits		
Salaries and bonuses	(38,904)	(32,843)
Social security	(4,651)	(3,587)
Pensions	(637)	(548)
Other*	(1,577)	(1,282)
Total compensation and benefits	**(45,769)**	**(38,260)**

*Other primarily includes life insurance, restructuring expenses and tax equalisation expenses.

The following table sets forth the details of other expenses:

	2023	2022
Other expenses	£000	£000
Commission expenses[1]	(671)	(744)
Professional services[2]	(939)	(1,527)
Market data	(1,317)	(972)
Expenses reimbursed to Parent[3]	—	(1,361)
Miscellaneous expenses[4]	(1,254)	(1,146)
Total other expenses	**(4,181)**	**(5,750)**
Total operating expenses	**(49,950)**	**(44,010)**

[1]Commission expenses represent the Company's contribution to fees incurred by the UBS group in relation to agreements with third party distributors.

[2]Includes fees payable for the audit of the Company's annual accounts amounting to £204k (2022: £192k) and audit-related assurance services is £8k (2022: £8k)

[3]Expenses reimbursed to the parent, Credit Suisse Asset Management (UK) Holding Limited, are reimbursed in accordance with a cost transfer agreement.

[4]Miscellaneous expenses include other general and admin expenses, travel and entertainment expenses and professional service provided by UBS group companies.

Amounts in the above note includes continued operations.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2023

7. Income tax (charge)/ benefit

a) Analysis of Tax Expense for the Year

	2023	2022
	£000	£000
Current tax		
Current tax (expense)/ benefit for the year	(213)	1,527
Adjustment in respect of previous years	743	914
Total current tax benefit	**530**	**2,441**

	2023	2022
	£000	£000
Deferred tax		
(Debit)/ Credit to Income Statement for the year	(396)	543
Adjustments in respect of previous years	(987)	(1,191)
Total deferred tax (expense)	**(1,383)**	**(648)**
Income tax (expense)/ benefit	**(853)**	**1,793**

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

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

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

The income tax expense for the year can be reconciled to the income per the Income Statement as follows:

	2023	2022
	£000	£000
Profit/(Loss) before tax	2,340	(10,316)
Profit/ (Loss) before tax multiplied by the UK statutory rate of corporation tax at the rate of 23.52% (2022: 19%)	(548)	1,960
Other permanent differences	(36)	(20)
Adjustments to current tax in respect of previous years	743	914
Adjustments to deferred tax in respect of previous years	(987)	(1,191)
Differential in movement in deferred taxes to the statutory tax rate	(25)	130
Income tax (expense)/benefit	**(853)**	**1,793**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2023

7. Income tax (charge)/ benefit (continued)

b) Deferred Taxes

Deferred taxes are calculated on all temporary differences under the liability method using an effective tax rate of 25% (2022: 25%).

The movement for the year on the deferred tax position is analysed as follows:

	2023	**2022**
	£000	£000
Balance at 1 January	5,190	5,838
(Debit)/ Credit to Income Statement for the year	(396)	543
Adjustments to deferred tax in respect of previous years	(987)	(1,191)
At the end of the year	**3,807**	**5,190**

Deferred tax assets are attributable to the following items:

	2023	**2022**
	£000	£000
Deferred tax assets		
Employee benefits	3,719	5,102
Decelerated tax depreciation	88	88
At the end of the year	**3,807**	**5,190**

The deferred tax benefit in the income statement comprises the following temporary differences:

	2023	**2022**
	£000	£000
Deferred tax assets		
Employee benefits	(1,383)	(669)
Decelerated tax depreciation	—	21
Total deferred tax (expense) in the Income Statement	**(1,383)**	**(648)**

Deferred tax assets are recognised on deductible temporary differences only to the extent that realisation of the related tax benefit is probable. CSAML estimated temporary differences of £15.2m (2022: £20.8m) as at 31 December 2023. The deferred tax asset recognised on the temporary difference is £3.8mn (2022: £5.2m)

The benefit of these temporary differences has been recognised in the financial statements in full after evaluating positive and negative evidence supporting the recoverability of the deferred tax assets. Recovery of the deferred tax assets will depend upon forecasted taxable profits of CSAML. If strategies and business plans deviate significantly in the future from the current management assumptions, the current level of recognised deferred tax assets may need to be adjusted if full recovery of the recognised deferred tax asset balance is not longer probable based on forecasted taxable profits.

Amounts in the above note includes continued and discontinued operations.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2023

8. Amounts owed by UBS group companies

	2023	**2022**
	£000	£000
Amount owed by UBS group companies	2,867	14,911
- of which relates to Credit Suisse Services AG, London Branch	1,006	2
- of which relates to Credit Suisse Asset Management LLC	988	11,073
- of which relates to Credit Suisse Securities USA LLC	352	2,740
- of which relates to other UBS group companies	521	1,096
Gross amount	**2,867**	**14,911**
Provision for expected credit losses	(3)	(5)
Net amount	**2,864**	**14,906**

Of the amounts owed by UBS group companies of £2,864k (2022: £14,906k), £1,006k (2022: £2k) relates to compensation clawback and HMRC refund (amounts due from Credit Suisse Services AG, London Branch), £988k (2022: £11,073k) relate to amounts due in respect of contracts associated with CIG (amounts due from Credit Suisse Asset Management LLC), £352k (2022: £2,740k) relates to amounts due in respect of contracts associated with PFG (amounts due from Credit Suisse Securities USA LLC).

The Company could have instances where the performance of a service could occur before revenue would be recognised as certain or non-refundable, such as performance fees or servicing fees. Such fees were recognised in revenues in the reporting period during which the performance obligations were satisfied. No impairment losses were recognised on contract receivables during the reporting period. The Company did not recognise any contract assets or contract liabilities during the reporting period.

Amounts in the above note includes continued and discontinued operations.

9. Fees and other receivables

	2023	**2022**
	£000	£000
Fees and interest receivable	11,566	18,859
Current Tax Assets	3,615	1,557
Other*	1,911	3,437
Total fees and other receivables	**17,092**	**23,853**

*Other includes mainly prepaid expenses and compensation clawback receivable.
No receivables are deemed impaired and no provision for doubtful receivables has been made.
Of the total receivables of £17,092k (2022: £23,853k), £8,588k (2022: £17,316k) relates to contract receivables as per IFRS 15.

Amounts in the above note includes continued and discontinued operations.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2023

10. Other liabilities

	2023	2022
	£000	£000
Accruals for deferred compensation	14,559	20,067
Accruals for bonus and social security on bonus	7,202	5,126
Accruals for operating expenses	2,474	3,699
Restructuring liability	835	202
Others*	98	153
Total other liabilities**	**25,168**	**29,247**

*Others includes provision for ECL on commitments in 2023 (refer Note 19 – Commitments).
** Total other liabilities includes £6,994k (2022: £9,738k) which are non-current in nature. These include non-financial liabilities aggregating £2,311k (2022: £2,806k).

Amounts in the above note includes continued and discontinued operations.

11. Short-term borrowings

Short-term borrowings of £270,543k (2022: £260,692k) are entirely obtained from UBS group companies and are used for the purposes of funding the investments in debt securities and foreign currency exposure management.

Pursuant to amendments in IAS 7 – Cash Flow Statement, the following table includes the reconciliation of liabilities arising from financing activities:

2023
£000

	Opening	Cash flows		Non cash changes			Closing
	Balance	Issuance	Repayment	Acquisition	FX	Interest	Balance
Short-term borrowings	260,692	139,861	(125,891)	—	(4,118)	—	270,544
Interest on short-term borrowings	928	—	(5,391)	—	(24)	11,301	6,814

2022
£000

	Opening	Cash flows		Non cash changes			Closing
	Balance	Issuance	Repayment	Acquisition	FX	Interest	Balance
Short-term borrowings	244,582	243,570	(241,456)	—	13,996	—	260,692
Interest on short-term borrowings	458	—	(948)	—	15	1,403	928

Amounts in the above note includes continued and discontinued operations.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2023

12. Called up share capital

	2023		2022	
	No of Shares	**£000**	**No of Shares**	**£000**
Authorised:				
Ordinary shares of £0.10 each	450,500,000	45,050	450,500,000	45,050
Deferred shares of $1 each	8,217	5	8,217	5
Total authorised share capital		**45,055**		**45,055**

	2023		2022	
	No of Shares	**£000**	**No of Shares**	**£000**
Allotted, called up and fully paid:				
Ordinary shares of £0.10 each	450,204,387	45,020	450,204,387	45,020
Allotted, called up and fully paid		**45,020**		**45,020**

Amounts in the above note includes continued and discontinued operations.

13.Discontinued operations

During 2023, PFG business was transferred and integrated into the IB division of UBS group entities. This has been reported as a discontinued operation for CSAML.

Income statement from discontinued operations:

	2023	**2022**
	£000	£000
Placement fees	3,028	19,303
Net revenues	**3,028**	**19,303**
Compensation and benefits	(285)	(12,247)
Other expenses	(2,481)	(3,307)
Total Operating expenses	**(2,766)**	**(15,554)**
Profit before tax from discontinued operations	**262**	**3,748**
Income tax (charge)/ benefit	(76)	(729)
Net income attributed to discontinued operations	**186**	**3,019**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2023

13.Discontinued operations (continued)

Statement of financial position for discontinued operations:

	2023	**2022**
Current assets:		
Amounts owed by UBS group companies	257	2,471
Total current assets	**257**	**2,471**
Current liabilities:		
Amounts owed to UBS group companies	—	1,051
Total current liabilities	**—**	**1,051**

The post-tax profit of PFG business has been classified as discontinued operations in CSAML's Income Statement. Assets relating to transfers that have not yet completed have been classified as Assets held for sale in the Statement of Financial Position. Net cash inflows relating to operating activities in 2023 were £1.5m (2022: £8.6m)

14 Capital adequacy

The Company's capital adequacy is managed and monitored based on the Investment Firms Prudential Regime ('IFPR'), which is the new prudential regime for Markets in Financial Instruments Directive ('MiFID') investment firms and came into force on 1 January 2022.

All of the Company's regulatory capital is categorised as Tier 1 capital, which comprises Common Equity Tier 1 capital. Common Equity Tier 1 capital consists of the common shares issued by the Company and related share premium, retained earnings, capital contribution reserve and regulatory adjustments required in the calculation of Common Equity Tier 1.

Regulatory adjustments include a deduction for prudent valuation.

The Company's overall capital needs are reviewed regularly to ensure that its capital base can support the needs of its businesses. The capital management framework at CS group is designed to monitor the sufficiency of capital resources, to meet the objectives of management and to meet the requirements of regulators, rating agencies and market participants.

The Company must at all times monitor and demonstrate the compliance with the capital adequacy requirements of the FCA. The Company has put in place processes and controls to monitor and manage its capital adequacy. No breaches were reported to the FCA during the year.

The following table sets out details of the Company's Own Funds at 31 December 2023 and 2022.

	2023	**2022**
	£000	£000
Share capital	45,020	45,020
Retained earnings	80,666	79,177
Capital contribution reserve	57,243	57,243
Share premium account	20,989	20,989
Value adjustments due to the requirements for prudent valuation	(5,173)	(4,474)
Total Tier 1 capital	**198,745**	**197,955**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2023

14 Capital adequacy (continued)

Capital contribution reserves are capital injections made by the parent to maintain the Company's capital base to support business activity and meet regulatory requirements. These contributions form part of distributable reserves.

Amounts in the above note includes continued and discontinued operations.

15 Related party transactions

The Company is controlled by UBS Group AG, its ultimate parent, which is incorporated in Switzerland. The Company's parent Company, Credit Suisse Asset Management (UK) Holding Limited, which holds all of the voting rights in the undertaking, is incorporated in the UK. The registered address of UBS Group AG is Bahnhofstrasse 45, 8001 Zurich, Switzerland and that of Credit Suisse Asset Management (UK) Holding Limited is One Cabot Square, London E14 4QJ.

CSAML has related party balances with subsidiaries and affiliates of UBS Group AG and CS AG, with substantially all balances with CS group entities.

The following table sets forth the details of related party balances and transactions:

a) Related Party Assets and Liabilities

	2023	**2022**
	£000	£000
Assets		
Cash and due from banks*	173,387	208,539
Non-trading financial assets	—	13,170
Amounts owed by UBS group companies**	2,867	14,911
– Parent	10	8
– Other UBS group companies	2,857	14,903
Total assets	**176,254**	**236,620**

*Cash and due from banks of £173,387k (2022: £208,539k) does not include the provision for ECL of £0k (2022: £16k) required under IFRS 9.
**The amount owed by UBS group companies of £2,867k (2022: £14,911k) does not include the provision for ECL of £3k (2022: £5k) required under IFRS 9.

	2023	**2022**
	£000	£000
Liabilities		
Due to banks	—	4
Short-term borrowings	270,543	260,692
Amounts owed to UBS group companies	18,954	10,104
– Parent	96	48
– Other UBS group companies	18,858	10,056
Total liabilities	**289,497**	**270,800**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2023

15 Related party transactions (continued)

b) Related Party Revenues and Expenses

	2023	2022
	£000	£000
Interest income	434	412
Interest expense	(11,306)	(1,470)
Management, advisory and other service fees	13,546	35,034
Net operating income- Other UBS group Companies	**2,674**	**33,976**
Operating expenses		
– Parent	—	(1,361)
– Other UBS group companies	(15,793)	(8,369)
Total operating expenses	**(15,793)**	**(9,730)**

c) Remuneration of Directors

	2023	2022
	£000	£000
Directors' emoluments	(660)	(1,703)
Long-term incentive scheme:		
- Amounts paid under deferred cash awards	(1,964)	(1,566)
- Amounts delivered under share-based awards	(57)	(295)
Total	**(2,681)**	**(3,564)**
Compensation for loss of office	(8)	—
Company contributions to defined contribution schemes	(18)	(40)
Total	**(2,707)**	**(3,604)**

Emoluments include amounts paid to or receivable by the directors. Only vested cash retention awards are included in emoluments. Long-term incentive schemes consist of deferred cash awards and share-based awards and are not given to non-executive directors who receive only a fixed fee. Deferred cash awards are included in the period when the amounts vest and are paid and share-based awards are included in the period when the amounts vest and are delivered.

Where directors perform services for a number of companies within the UBS group, the total remuneration payable to each director has been apportioned to the respective entities based on a time spent per company allocation for that director.

The aggregate of emoluments and awards in respect of long-term incentive schemes paid to or receivable by the highest paid director was £2,276k (2022: £3,052k). The director was also a member of a defined contribution pension plan and the contribution paid during the year into the plan was nil (2022: Nil). During the year the highest paid director also received an entitlement to shares under a long-term incentive scheme.

The amounts included in the UK Companies Act disclosure are on a different basis than the recognition requirements of IFRS 2 and IAS 37 and the disclosure requirements of IAS 24. The aggregate amount of remuneration accrued in the Company's accounts for directors in accordance with IFRS requirements for 2023 was £3,331k (2022: £6,790k).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2023

15 Related party transactions (continued)

The total number of directors includes all directors of the Company.

Number of Directors and Benefits:	Number of directors	Number of directors
Retirement benefits are accruing to the following number of directors under:	**2023**	**2022**
Defined contribution schemes	5	7
No scheme	2	3
Both defined contribution and defined benefit	—	—
Directors in respect of whom services were received or receivable under long term incentive schemes	6	6

Remuneration of Key Management Personnel

	2023	**2022**
	£000	£000
Emoluments	(3,537)	(5,923)
Amounts receivable under long term incentive schemes	(7,627)	(10,952)
Total	**(11,164)**	**(16,875)**
Compensation for loss of office	(585)	(110)
Company contributions to defined contribution schemes	(46)	(99)
Total	**(11,795)**	**(17,084)**

The numbers disclosed in the 'Remuneration of Key Management Personnel' are based on amounts accrued in the Financial Statements for all emoluments and long-term incentive schemes.

Key Management Personnel are those persons who have the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director of the Company.

Key Management Personnel include directors and the members of the Credit Suisse Asset Management Executive Committee.

UBS group shares awarded to Key Management Personnel

	2023	**2022**
Number of shares	18,518	251,622

The shares included in the table above are those accrued in the period under the requirements of IFRS 2. These differ from the share awards included in the UK Company's Act disclosures, which are disclosed in the period in which they vest and are delivered.

Loans and Advances to Key Management Personnel

Loans outstanding from Key Management Personnel of the Company as at 31 December 2023 were nil (2022: nil).

Amounts in the above note includes continued and discontinued operations.

16 Employee share-based compensation and other compensation benefits

Payment of deferred compensation to employees is determined by the nature of the business, role, location and performance of the employee. Unless there is a contractual obligation, granting deferred compensation is

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2023

16 Employee share-based compensation and other compensation benefits (continued)

solely at the discretion of the Compensation Committee and senior management. Special deferred compensation granted as part of a contractual obligation is typically used to compensate new senior employees for forfeited awards from previous employers upon joining the Company. It is the Company's policy not to make multi-year guarantees.

Compensation expense for share-based and other awards that were granted as deferred compensation is recognised in accordance with the specific terms and conditions of each respective award and is primarily recognised over the future requisite service and vesting period, which is determined by the plan, retirement eligibility of employees and certain other terms. All deferred compensation plans are subject to restricted covenants, which generally include non-compete and non-solicit provisions. Compensation expense for share-based and other awards that were granted as deferred compensation also includes the current estimated outcome of applicable performance criteria, estimated future forfeitures and mark-to-market adjustments for certain awards that are still outstanding.

Total compensation expense/(income) for cash-settled share-based compensation plans recognised during 2023 and 2022 was £1.3m and £(2.4m) respectively. The total stock award liability recorded as at 31 December 2023 was £7.6m (2022: £3.6m). The fair value used to calculate the stock award liability was the closing UBS group share price as at 31 December 2023 CHF 26.10 (CSG 2022: CHF 2.764). The average weighted fair value of awards granted in 2023 was CHF 18.46 after adjusting for the conversion of outstanding CSG shares to UBS shares post-acquisition (CSG 2022: CHF 5.98). The intrinsic value of vested share-based awards outstanding as at year end was £0.8m (2022: £2.4m)

Share awards

Share awards, granted prior to acquisition, generally vest over three years with one third of the share awards vesting on each of the three anniversaries of the grant date (ratable vesting), with the exception of awards granted to individuals classified as material risk takers ('MRTs'), risk manager MRTs or senior managers or equivalents under the EU or UK Capital Requirements Directive V related provisions. Share awards granted to MRTs vest over four years with one quarter of the award vesting on each of the four anniversaries of the grant date. Share awards granted to risk manager MRTs vest over five years with one fifth of the award vesting on each of the five anniversaries of the grant date. Share awards granted to senior managers vest over seven years, with one fifth of the award vesting on each of the third to seventh anniversaries of the grant date. Share awards are expensed over the service period of the awards. The value of the share awards is solely dependent on the UBS group share price at the time of delivery.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2023

16 Employee share-based compensation and other compensation benefits (continued)

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

	2023	**2022**
	'000	'000
As at 1 January	1,717	1,072
Granted	1,337	1,119
Share Transferred in/out	—	(8)
Delivered	(331)	(449)
Forfeited	(125)	(17)
Conversion to UBS shares	(2,509)	—
As at 31 December	**89**	**1,717**

Performance share awards ('PSA')

Prior to 2023, certain employees received a portion of their deferred variable compensation in the form of performance share awards. Performance share awards are similar to share awards, except that the full balance of outstanding performance share awards, including those awarded in prior years, are subject to performance-based malus provisions.

The conditions for the outstanding performance share awards granted for prior years were revised and are subject to a downward adjustment in the event UBS group has a negative reported return on common equity tier 1 ('CET1')

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

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

Movements in the number of PSA outstanding were as follows:

	2023	**2022**
	'000	'000
As at 1 January	362	429
Granted*	(11)	82
Share Transferred in/out	—	(9)
Delivered	(7)	(140)
Forfeited	(1)	—
Conversion to UBS shares	(334)	—
As at 31 December	**9**	**362**

*Includes downward adjustment applied to outstanding performance share awards.

Strategy Delivery Plan ('SDP')

Strategic Delivery Plan ('SDP') was a one-off share-based award granted in February 2022. The SDP awards are subject to service conditions and revised performance-based metrics over the course of 2022-2024. SDP awards are scheduled to vest on the third anniversary of the grant date, with the exception of awards granted to individuals classified as material risk takers ('MRTs'), risk manager MRTs or senior managers or equivalents under the EU Capital Requirements Directive V and UK Investment Firms Prudential Regime, where a longer vesting period applies.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2023

16 Employee share-based compensation and other compensation benefits (continued)

Prior to settlement, the principal amount of the SDP awards will be written down to zero and forfeited if the UBS group's reported CET1 ratio falls below 7%

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

Movements in the number of SDP outstanding were as follows:

	2023	**2022**
	'000	'000
As at 1 January	27	—
Granted	(1)	37
Share Transferred in/out	—	—
Delivered	—	—
Forfeited	(25)	(10)
As at 31 December	1	27

Transformation Phantom Share Awards ('TA')

In February 2023, CSG granted Transformation Awards to certain employees identified as being critical to the delivery of the transformation strategy.

Transformation share awards vest on the third anniversary of grant and are subject to a share price condition and performance conditions. The share price condition and performance conditions were revised. No payment will be made unless the UBS group share price is at CHF 85.87 or higher on December 31, 2025. If the share price condition is achieved, the amount payable is based on the Underlying UBS group RoCET1 for calendar year 2025, with 100% of the transformation share award due if an Underlying UBS group RoCET1 of 8% is achieved.

Movements in the number of TA outstanding were as follows:

	2023	**2022**
	'000	'000
As at 1 January	—	—
Granted	212	—
Share transferred in/ out	—	—
Delivered	—	—
Forfeited	—	—
Conversion to UBS shares	(203)	—
As at 31 December	**9**	—

Contingent Capital Awards

Contingent Capital Awards ('CCA') are no longer used as a form of deferred compensation award for the 2022 performance year onwards.

In 2023, all outstanding CCAs were written down for both vested and unvested awards.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2023

16 Employee share-based compensation and other compensation benefits (continued)

Total compensation (income)/expense recognised for CCAs during the year ended December 31, 2023 was £(1.7m) (2022: £0.2m). This included the cancellation of the prior year CCA following the decision by the Swiss Federal Council.

Notional Hedge Fund Awards ('HFN')

Certain employees received a portion of their 2019, 2020, 2021 and 2022 deferred variable compensation in the form of HFN awards. These awards essentially provide employees with compensation that will be determined by reference to the returns on an investment in one or more Credit Suisse sponsored hedge funds. Each award vests over three years, such that the awards vest equally on each of the three anniversaries of the grant date. The expense recognition will occur over the three-year vesting period, subject to service conditions.

Total compensation expense recognised for the HFN during the year ended December 31, 2023 was £7.7m (2022: £8.5m)

Upfront cash awards ('UCA')

In February 2023, certain employees were granted upfront cash awards as part of the cash component of their 2022 variable compensation. During 2022 and 2021, certain employees were also granted upfront cash awards. These awards are subject to repayment (clawback) by the employee in the event of voluntary resignation, termination for cause or in connection with other specified events or conditions within three years of the award grant. The amount subject to repayment is reduced in equal monthly installments during the three-year period following the grant date. The expense recognition will occur over the three-year vesting period, subject to service conditions.

Total compensation expense recognised during the year ended December 31, 2023 was £4.2m (2022: £10.4m).

Deferred Cash Awards

Deferred cash awards include special awards, merger retention cash awards (vested in 60 days after grant), transformation cash awards, Deferred Contingent Cash Plan ('DCCP'), Fund Ownership Plan ('FOP') cash awards and employee investment plans (excluding HFN awards). Compensation expense was primarily driven by their vesting schedule as well as mark to market adjustments, where applicable.

Total compensation expense recognised for these other deferred cash awards during the year ended December 31, 2023 was £5.3m (2022: £0.3m)

Amounts in the above note includes continued and discontinued operations.

17 Defined Contribution Pension Plan

The Company contributed to various defined contribution pensions primarily in the UK. The contribution to these plans in 2023 was £0.9m (2022: £0.9m). No contributions were made towards the cost of death in service benefits and pension plan administration in 2023 and 2022.

Amounts in the above note includes continued and discontinued operations.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2023

18 Employees

The monthly average employee headcount during the year was as follows:

	2023	**2022**
No. of employees	70	78

19 Commitments

The following table sets forth details of commitments for 2023:

	Maturity <1 year £000	**Maturity 1-3 years £000**	**Maturity 3-5 years £000**	**Maturity >5 years £000**	**Total amount £000**
Irrevocable commitments					
31 December 2023	2,282	—	—	—	2,282
31 December 2022	6,042	—	—	—	6,042

The commitments for 2023 represent the Company's share of the commitment to invest in the MPEF XVIII warehouse (2022: MPEF XVIII and MPEF XIX warehouse).

Amounts in the above note includes continued and discontinued operations.

20 Financial Instruments

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

- Analysis of financial instruments by categories; and
- Fair value of financial instruments not carried at fair value.

a) Analysis of financial instruments by categories

Financial instruments are measured on an on-going basis either at fair value or at amortised cost. The following table sets out the carrying amounts and fair values of the Company's financial assets and liabilities by categories.

2023 £000	**Mandatorily at FVTPL**	**Amortised cost**	**Total carrying amount**	**Fair Value**
Financial Assets				
Cash and due from banks	—	223,387	223,387	223,387
Amount owed by UBS group companies*	—	2,867	2,867	2,867
Fees and other receivables	—	11,566	11,566	11,566
Non-trading financial assets	271,433	—	271,433	271,433
Total financial assets	**271,433**	**237,820**	**509,253**	**509,253**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2023

20 Financial Instruments (continued)

2023				
£000	**Mandatorily at FVTPL**	**Amortised cost**	**Total carrying amount**	**Fair Value**
Financial Liabilities				
Short-term borrowings	—	270,543	270,543	270,543
Other liabilities	—	18,469	18,469	18,469
Amounts owed to UBS group companies	—	18,954	18,954	18,954
Total financial liabilities	**—**	**307,966**	**307,966**	**307,966**

*The amount owed by UBS group companies of £2,867k does not include provision for ECL of £3k.

2022				
£000	**Mandatorily at FVTPL**	**Amortised cost**	**Total carrying amount**	**Fair Value**
Financial Assets				
Cash and due from banks*	—	208,539	208,539	208,539
Amount owed by UBS group companies**	—	14,911	14,911	14,911
Fees and other receivables	—	18,859	18,859	18,859
Debt Securities	253,306	—	253,306	253,306
Total financial assets	**253,306**	**242,309**	**495,615**	**495,615**
Financial Liabilities				
Due to Banks	—	4	4	4
Short-term borrowings	—	260,692	260,692	260,692
Other liabilities	—	21,299	21,299	21,299
Amount owed to UBS group companies	—	10,104	10,104	10,104
Total financial liabilities	**—**	**292,099**	**292,099**	**292,099**

*Cash and due from banks amounting to £208,539k does not include the provision for ECL of £16k.
**The amount owed by UBS group companies of £14,911k does not include the provision for ECL of £5k.

b) Fair value of financial instruments not carried at fair value

Fair value hierarchy

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

Level 1: Quoted market prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access. This level of the fair value hierarchy provides the most reliable evidence of fair value and is used to measure fair value whenever available.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. These inputs include: (i) quoted prices for similar assets or liabilities in active markets; (ii) quoted prices for identical or similar assets or similar liabilities in markets that are not active, that is, markets in which there are few transactions for the asset and liability, the prices are not

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2023

20 Financial Instruments (continued)

current or price quotations vary substantially either over time or among market makers, or in which little information is publicly available; (iii) input other than quoted prices that are observable for the asset or liability; or (iv) inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs). These inputs reflect the Company's own assessment of the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These inputs are developed based on the best information available in the circumstances, which include the Company's own data. The Company's own data used to develop unobservable inputs is adjusted if information indicates that market participants would use different assumptions.

IFRS requires the disclosure of the fair value of financial instruments not carried at fair value in the Statement of Financial Position. IFRS also requires the disclosure of the fair values of these financial instruments within the fair value hierarchy.

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

£000	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Non-trading financial assets				
As at 31 December 2023	—	246,694	24,739	271,433
As at 31 December 2022	—	242,957	10,349	253,306

The level 2 disclosures for 2023 and 2022 includes the investment in the securities in Madison Park Euro Funding CLO V, VI, VII, VIII, IX , X, XI, XII, XIV, XV, XVI, XVII and XX. Madison Park Euro Funding CLO XIX was added in 2023. The level 3 disclosures includes the equity tranches (i.e. Class M Subordinated Notes) of the investments in the above mentioned securities for 2023 and 2022 and further includes (Class A-2 notes) in Madison Park Euro Funding CLO X and CLO XIX in 2023. These equity tranches are at the bottom of each deal's capital structure and are the first to absorb the credit losses of the underlying collaterals and last to receive the cash flows.

The independent price validation and fair value levelling process is based on the CS group price testing framework and acceptable divergences in the prices based on actionability thresholds.

Movements of Level 3 instruments

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2023

20 Financial Instruments (continued)

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

2023						Trading Revenues		
Assets at fair value (£ '000)	Balance as at 1 January 2023	Transfers In	Transfers Out	Purchases	Sales	On transfers in/out*	On all other	Balance as at 31 December 2023
Non-Trading Financial Assets	10,349	—	—	10,764	—	—	3,626	24,739

*For all transfers to Level 3 or out of Level 3, the company determines and discloses as Level 3 events only gains or losses through the last day of the financial year.

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

	2023 (£ '000)
Non-trading financial assets mandatorily at fair value through profit or loss	3,626

2022						Trading Revenues		
Assets at fair value (£ '000)	Balance as at 1 January 2022	Transfers In	Transfers Out	Purchases	Sales	On transfers in/out*	On all other	Balance as at 31 December 2022
Non-Trading Financial Assets	14,962	871	—	1,299	—	—	(6,783)	10,349

* For all transfers to Level 3 or out of Level 3, the company determines and discloses as Level 3 events only gains or losses through the last day of the financial year.

Losses on assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3)

	2022 (£ '000)
Non-trading financial assets mandatorily at fair value through profit or loss	(6,783)

Transfers in and out of Level 3

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

Non-trading financial assets mandatorily at fair value through profit or loss transferred into Level 3 during the year were Nil (2022: £871k).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2023

20 Financial Instruments (continued)

Disclosure of Valuation Techniques

Fair values of the investments in CLOs may be available through quoted prices, which are based on the prices at which similarly structured and collateralised securities trade between dealers and to and from customers. Price may not be observable for fair value measurement purposes for many reasons, such as the length of time since the last executed transaction for the related security, use of a price from a similar instrument, or use of a price from an indicative quote. Fair values determined by market comparable price may include discounted cash flow models using the inputs prepayment rates, default rates, loss severity and discount rates. Prices from similar observable instruments are used to calculate implied inputs which are then used to value unobservable instruments using discounted cash flow. The discounted cash flow price is then compared to the unobservable prices and assessed for reasonableness. For most structured debt securities, determination of fair value requires subjective assessment depending on liquidity, ownership concentration, and the current economic and competitive environment.

Valuation is determined based on broker quote and the business's own assumptions about how market participants would price the asset. CLOs are split into various structured tranches and each tranche is valued based upon its individual rating and the underlying collateral supporting the structure.

Quantitative Information about Level 3 Assets at Fair Value

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

Assets at fair value (£ '000)	Fair Value	Valuation technique	Unobservable input	Minimum Value	Maximum Value	Weighted average
Non-Trading Financial Assets						
As at 31 December 2023	24,739	Broker quote	Price in %	30.1	95.0	72.9
As at 31 December 2022	10,349	Broker quote	Price in %	19.0	93.9	45.3

Qualitative discussion of the ranges of significant unobservable inputs

The following section provide further information about significant unobservable input included in the table above.

Price

Price is the primary significant unobservable input for CLOs. Where market prices are not available for an instrument, benchmarking may be utilised to identify comparable issues (same industry and similar product mixes) while adjustments are considered for differences in deal terms and performance. Increase in price will increase the fair value of CLOs.

Sensitivity of fair values to reasonably possible alternative assumptions

The fair value of the Non-Trading financial assets recognised in the financial statements is dependent in part or fully upon unobservable parameters e.g. prices.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2023

20 Financial Instruments (continued)

The following table summarises the sensitivity of the investment in the debt securities to reasonable changes in the assumptions underlying this parameter:

	As at 31 December 2023		As at 31 December 2022	
	Favourable changes	Unfavourable changes	Favourable changes	Unfavourable changes
£000	+10%	-10%	10%	-10%
Impact on net income/(loss)				
CLO's	3,780	(3,780)	2,659	(2,659)
Total	**3,780**	**(3,780)**	**2,659**	**(2,659)**

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

As at 31 December 2023

£000	Level 1	Level 2	Level 3	Total
Financial assets				
Cash and due from banks	223,387	—	—	223,387
Amounts owed by UBS group companies*	—	2,867	—	2,867
Fees and other receivables	—	11,566	—	11,566
Total financial assets	**223,387**	**14,433**	**—**	**237,820**
Financial liabilities				
Short-term borrowings	—	270,543	—	270,543
Amount owed to UBS group companies	—	18,954	—	18,954
Other liabilities**	—	18,469	—	18,469
Total financial liabilities	**—**	**307,966**	**—**	**307,966**

*The amount owed by UBS group companies of £2,867k does not include provisions for ECL of £3k.
**Other liabilities includes £4,683k which are non-current in nature.

As at 31 December 2022

£000	Level 1	Level 2	Level 3	Total
Financial assets				
Cash and due from banks*	208,539	—	—	208,539
Amounts owed by UBS group companies**	—	14,911	—	14,911
Fees and other receivables	—	18,859	—	18,859
Total financial assets	**208,539**	**33,770**	**—**	**242,309**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2023

20 Financial Instruments (continued)

As at 31 December 2022 £000	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial liabilities				
Due to banks	4	—	—	4
Short-term borrowings	—	260,692	—	260,692
Amounts owed to UBS group companies	—	10,104	—	10,104
Other liabilities***	—	21,299	—	21,299
Total financial liabilities	**4**	**292,095**	**—**	**292,099**

*Cash and due from banks amounting to £ 208,539k doe not include the provision for ECL of £16k
**The amount owed by UBS group companies of £14,911k does not include the provision for ECL of £5k.
***Other liabilities includes £ 6,931k which are non-current in nature.

Amounts in the above note includes continued and discontinued operations.

21 Disclosures of interest in other entities

Unconsolidated Structured Entities

The Company has interests in structured entities that are not consolidated. An interest is either a contractual or non-contractual involvement that exposes the Company to variability in returns from the performance of another entity. An interest in another entity can be evidenced by, but is not limited to, the holding of equity or debt instruments as well as other forms of involvement such as the provision of funding, liquidity support, credit enhancement and guarantees.

Type of Structured Entity

Collateralised Loan Obligations

CIG manages CLOs and invests in those in accordance with the 5% risk retention requirement of the CRR. The Company acts as investment manager for all the MPEF CLOs, which have been assessed as structured entities.

The Company receives investment and portfolio management fees from these structured entities. The Company also holds 5% investment in the tranches of MPEF V, VI, VII, VIII, IX, X, XI, XII, XIV, XV, XVI, XVII, XVIII, XIX and XX.

The following table provides the carrying amounts and classifications of the assets and liabilities of interests recorded in the Company's Statement of Financial Position, maximum exposure to loss and total assets of the unconsolidated structured entity.

Interests in Unconsolidated Structured Entities

£000	**Type of structured entity**	
Statement of Financial Position line item	**CLOs 2023**	**CLOs 2022**
Non-trading financial assets mandatorily at fair value	271,433	253,306
Fee receivables	11,566	18,859
Total	**282,999**	**272,165**
Maximum exposure to loss	282,999	272,165
Unconsolidated structured entity assets	6,997,279	6,586,907

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2023

21 Disclosures of interest in other entities (continued)

The maximum exposure to loss of the Company has been determined on the basis of the carrying value of the investment in MPEF V, VI, VII, VIII, IX, X, XI, XII, XIV, XV, XVI, XVII, XVIII, XIX and XX CLOs and fees receivable as of 31 December 2023**.**

The unconsolidated structured entity assets are those where the Company has an interest in the unconsolidated structured entity. These amounts typically represent the assets of the entities themselves and are unrelated to the exposures the Company has with the entity and thus are not amounts that are considered for risk management purposes.

The table below shows the income that has been received from the interests that the Company has in unconsolidated structured entities. Income from an unconsolidated structured entity includes, but is not limited to: interest income, commission and fees and changes in the fair value.

Income from Interests in Unconsolidated Structured Entities

2023
£000

			Income received	
Structured entity type	**Fair value changes in the profit /(loss)**	**Interest income**	**Commission and fees**	**Total**
CLOs	14,323	15,613	35,969	65,905
Total	**14,323**	**15,613**	**35,969**	**65,905**

2022
£000

			Income received	
Structured entity type	**Fair value changes in the profit /(loss)**	**Interest income**	**Commission and fees**	**Total**
CLOs	(22,959)	8,569	38,132	23,742
Total	**(22,959)**	**8,569**	**38,132**	**23,742**

The Company has not provided financial or other support to structured entities that it was not contractually required to provide. The Company does not currently have the intention to provide financial or other support to unconsolidated structured entities that it is not contractually required to provide.

Amounts in the above note includes continued and discontinued operations.

22 Financial risk management

a) Overview

The Company's risk management is undertaken in accordance with UBS group policies. The primary objectives of risk management are to protect the Company’s financial strength and reputation, while ensuring capital is well deployed to support business activities. The Company’s risk management process includes independent controls to measure, monitor and manage risks in accordance with its risk framework and in consideration of industry best practice.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2023

22 Financial risk management (continued)

Risk Governance

The Company's risk appetite establishes a direct link between its strategy and performance management, its risk management and its capital structure. The Company's risk management framework is based on transparency, management accountability and independent oversight. Risk management plays an integral role in the Company's business planning process and is strongly supported by its Board and senior management. The Company's CRO is supported by the CRO division of UBS group.

Risk Organisation

The Company's independent risk management function is headed by the its CRO. The CRO is responsible for the oversight of risk management across all financial risk types and for ensuring independence of the risk management function. Responsibility for oversight of non-financial risk types is managed between the CRO and CCO.

The Company's Board is responsible for reviewing the effectiveness of the Company's risk management and systems of financial and internal controls. The Board considers that adequate systems and controls are in place with regard to the Company's risk profile and strategy and that suitable independent assurance activities are undertaken.

The Company's business strategy is pursued within the risk appetite as defined periodically by the Board. The Board expresses its risk appetite through a number of thresholds that define the maximum level of risk acceptable. These Risk Appetite Statements define the boundary conditions within which the Company's risk profile must be maintained. Risk Appetite Statements are defined for all relevant risk categories.

UBS group's risk framework utilises three lines of defence to ensure that risks are identified, assessed, escalated and managed in a controlled and effective manner. The three lines of defence model is designed to provide multiple opportunities to address risks before they become issues or incidents. Although each line is defined separately and has its own responsibilities, in practice they work in cooperation to ensure that risks are addressed at the correct level.

First Line **Risk Owner**	Responsible for risk identification and management on a front-to-back basis, including design, operation and testing of controls required to comply with risk appetite and policies.
Second Line **Independent Risk Control**	Responsible for establishing risk management standards and providing independent challenge of activities, processes and controls carried out by the first line.
Third Line **Independent Assurance**	Responsible for providing independent assurance about the adequacy of the overall risk control framework directly to the Audit Committee.

Risk Governance Committees

Management has designed and implemented an effective supervisory structure and related risk and control functions to manage and mitigate risk by the following committees:

- Fiduciary and Credit Risk Committee ('FCRC'): Oversees the assessment and management of all market, liquidity, fiduciary and credit risks taken by the Company. The committee specifically discusses risks associated with the management of CLOs and other investment funds by the Company.

- Operational Risk and Compliance Committee ('ORCC'): Primary function is to investigate risks relating to operational, compliance, financial crime, legal, personnel, conduct, reputational and

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2023

22 Financial risk management (continued)

- regulatory risk domains, incorporating all outsourcing activities undertaken for the entity. Furthermore, the committee reviews the entity's annual Risk and Control Self-Assessment ('RCSA').

- Scenario Analysis Committee ('SAC'): Oversees the scenario analysis framework, including oversight of scenarios relating to economic and liquidity stresses, that captures credit, liquidity, market and fiduciary risks.

In 2024, in order to streamline and align governance with UBS, the above three risk committees were merged into the Executive Risk Committee ('ERC'). The ERC is chaired by the CRO and is responsible for maintaining sound and robust oversight of all financial and non-financial risks. The committee is responsible for identifying, measuring, understanding and where necessary, escalating, risk topics impacting the legal entity.

b) Credit Risk

Overview

Credit Risk refers to potential financial loss as a result of a borrower or counterparty failing to meet its financial obligations or as a result of a deterioration in the credit quality of the borrower or counterparty. The Company invests in CLO structures for which the Company is the investment manager, in line with regulatory minimum risk retention requirements relating to securitisations. Counterparty risk arises on management fees receivable from third party clients and other UBS group entities.

New CLO issuances require approval ahead of the launch to confirm that the CLO has been approved in line with the Board-approved risk appetite. In addition, concentration risk thresholds are set for the aggregate CLO external credit ratings, issuers and sectors.

22 Financial risk management (continued)

Maximum Exposure to Credit Risk Before Collateral Held or Other Credit Enhancements

	2023	**2022**
	£000	£000
Cash and due from banks	223,387	208,523
Fees and other receivables	11,566	18,859
Amounts owed by UBS group companies	2,864	14,906
Non-trading financial assets	271,433	253,306
Total financial assets	**509,250**	**495,594**

The amounts in the above table are based on carrying value. For disclosure on fees and other receivables please refer to Note 9. Fees and other receivables.

No collateral or credit enhancements are held against cash and due from banks or other fees and receivables.

The Non-trading financial assets are held by the Company as per risk retention requirements per the EU Securitisation Regulations.

Maximum Exposure to Credit Risk and Credit Quality Analysis

The following table sets out information about the credit quality of financial assets measured at amortised cost. Unless specifically indicated, the amounts in the table represent the gross carrying amounts.

Explanations of the terms: 12-month ECL, lifetime ECL and credit-impaired are included in Note 2 – Material accounting policies.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2023

22 Financial risk management (continued)

Other Assets and Fee Receivables

Other assets credit risk exposure by external credit rating grades
12-month ECL (Stage 1)

	2023	2022
	£000	£000
A+ to A-	360	882
BBB+ to BBB-	2,507	14,018
BB+ to BB-	11,566	18,870
Sum	**14,433**	**33,770**
Loss allowance	(3)	(5)
Carrying amount	**14,430**	**33,765**

Cash and cash equivalents (Stage 1)
Cash and cash equivalents of £223,387k (2022 : £208,523k) are held with CS AG rated at A- and HSBC rated at A+.

c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet both expected and unexpected current and future cash flows and collateral needs without affecting either daily operations or its financial position. The Company places a portion of its cash balance with UBS group and the remaining portion with external financial institutions. CSAML can draw on the cash as and when needed. Unlike in the previous years, there is no single credit concentration risk of CSAML's cash balance with CS AG, as cash balances are distributed across external financial institutions.

CSAML is focused on having sufficient cash to operate its business and investment decisions. Aside from the CLO risk retention asset exposure, CSAML does not maintain further assets, holds no market positions in any securities and does not have any contractual obligations beyond fee receivables and normal cost of conducting business. CSAML's liquidity risk is minimised by ensuring liquid assets maintained are over the Liquid Asset Threshold Requirement ('LATR') as per the IFPR requirements for the legal entity in order to benefit from the Group's Treasury management capabilities.

CS group-wide Management of Liquidity Risk

CS group adopts the Bank for International Settlements ('BIS') Principles of Sound Liquidity Risk Management ('LRM') in compliance with all regulatory liquidity risk regulations at CS group and entities level. CS group uses a centralised funding model, ensuring that the CS group and its local entities remain appropriately funded, both under business as usual and in the event of a liquidity stress period – as defined by both the CS group and the regulatory stress testing frameworks.

The CS AG liquidity and funding strategy is approved by the CS AG Capital Allocation and Risk Management Committee ('CARMC') and overseen by the CS AG Board. The implementation and execution of the funding and liquidity strategy is managed by Treasury. Treasury ensures adherence to the funding policy and the efficient coordination of the secured funding desks.

This approach enhances the ability to manage potential liquidity and funding risks and to promptly adjust the liquidity and funding levels to meet stress situations. The CS group liquidity and funding profile is regularly reported to CS AG CARMC and the CS AG Board. There is also an independent risk management function that proposes the risk threshold, and monitors the liquidity risk, of businesses that reports directly to the Risk

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2023

22 Financial risk management (continued)

Management Committee. The CS AG Board is responsible for defining the overall threshold for risk in the form of a risk appetite statement.

The Company's Management of Liquidity Risk

Annually, the CRO reviews the entity's liquidity framework and performs an assessment to ensure liquidity risk thresholds are sufficient. Part of this assessment takes into consideration plausible but adverse market-conditions that could adversely impact liquidity.

2023

£000	**On demand**	**Due within 3 months**	**Due between 3 and 12 months**	**Due between 1 and 5 years**	**Total**
Short-term borrowings	—	75,021	195,522	—	270,543
Amounts owed to UBS group	—	5,571	13,383	—	18,954
Other liabilities	—	6,611	7,175	4,683	18,469
Total financial liabilities	**—**	**87,203**	**216,080**	**4,683**	**307,966**

2022

£000	**On demand**	**Due within 3 months**	**Due between 3 and 12 months**	**Due between 1 and 5 years**	**Total**
Due to Banks	4	—	—	—	4
Short-term borrowings	—	72,114	188,578	—	260,692
Amounts owed to UBS group	—	62	5,744	4,298	10,104
Other liabilities	—	5,100	9,268	6,931	21,299
Total financial liabilities	**4**	**77,276**	**203,590**	**11,229**	**292,099**

d) Market Risk

Market risk is the potential financial losses arising from adverse changes in market factors such as equity, commodity, foreign exchange prices, interest rates, credit spreads, volatilities, correlations, cross market risks, basis and spreads risks or other relevant market factors (including concentration and illiquidity) on positions held. The Company defines its market risk as potential changes in the fair value of financial instruments in response to market movements. The Company does not trade on its own account and does not take proprietary market risk positions, with the exception of any risk retention requirements in respect of its CLOs.

As at 31 December 2023, a 1% movement in the valuation of the retention holdings would have resulted in an impact of £2.7m (2022: £2.5m)

The Company is also exposed to market risk as a consequence of its deferred compensation, the liability associated with which moves in line with the market value of the underlying shares or units that are to be delivered or in line with the fund prices to which awards are indexed.

A sensitivity analysis is undertaken each quarter based on the number of UBS group shares outstanding delivery as at the reporting date; as at 31 December 2023 a 1% increase in the UBS group share price would result in a £18.6k loss for the Company based on 72,738 outstanding shares. A 1% movement in the liability associated with HFN awards as at 31 December 2023 would result in a £108k loss to the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2023

22 Financial risk management (continued)

Currency Risk

The Company may enter into transactions denominated in currencies other than its functional currency. Consequently, the Company is exposed to risks that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the Company's assets or liabilities denominated in currencies other than GBP.

As at 31 December 2023, the Company had CHF (31)k net assets (2022: CHF 29k net assets), EUR 6,194k net assets (2022: EUR 2,800k net assets), USD (4,324)k net assets (2022: USD 1,617k net assets) foreign currency exposure.

The sensitivity analysis, which is for illustrative purposes only, is prepared based on financial instruments that are recognised at the reporting date. This sensitivity assumes changes in certain market conditions. These assumptions may differ materially from the actual results due to the inherent uncertainties in global financial markets. In practice, market risks rarely change in isolation and are likely to be interdependent. The methods and assumptions used are the same for both reporting years.

Changes in exchange rates assume an instantaneous increase or decrease of 25% in foreign currency to Sterling rates at the reporting date, with all other variables remaining constant.

2023	CHF Impact		EUR Impact		USD Impact	
	+25%	-25%	+25%	-25%	+25%	-25%
	£000	£000	£000	£000	£000	£000
Change in equity and income or loss with foreign currency fluctuation	(7)	7	1,344	(1,344)	(848)	848
Total	**(7)**	**7**	**1,344**	**(1,344)**	**(848)**	**848**

2022	CHF Impact		EUR Impact		USD Impact	
	+25%	-25%	+25%	-25%	+25%	-25%
	£000	£000	£000	£000	£000	£000
Change in equity and income or loss with foreign currency fluctuation	(7)	7	(618)	618	(335)	335
Total	**(7)**	**7**	**(618)**	**618**	**(335)**	**335**

Interest Rate Risk

Interest rate risk is the risk to earnings or capital due to adverse changes in interest rate levels. The Company is subject to interest rate risk based on the variable interest earned/charged on the bank balances, overdraft and short term borrowings. The maximum exposure of this balance is £224,277k (2022: £201,133k).

A change of 50 basis points in interest rates at the reporting date would have increased/(decreased) equity and income or loss by £858k/£(858)k (2022: £815k/£(815)k).

This calculation assumed that the change occurred at the reporting date and had been applied to risk exposures existing at that date and is stated net of income tax assuming the current corporation tax rate of 23.52% (2022: 19%).

Amounts in the above note includes continued and discontinued operations.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2023

23 Subsequent events

On 1 May 2024 CSAML will be re-parented. CSAMH is expecting to transfer 100% of shares in CSAML to another entity within UBS group, by way of sale at fair market value. In addition, employees and certain business activities (not including the collateralised loan obligation ('CLO') business or Private Credit Opportunities ('PCO') business) will also transfer from CSAML to other entities within the UBS group at fair market value.

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