

Program Information

Credit Suisse International

PROGRAM INFORMATION

Type of Information:	Program Information
Date of Announcement:	26 April 2024
Issuer Name:	Credit Suisse International (the "Issuer")
Name and Title of Representative:	Beatriz Martin Chief Executive Officer
Address of Head Office:	One Cabot Square, London E14 4QJ, UK
Telephone:	+44 (0)20 7888 8888
Contact Person:	Chihiro Ashizawa, Attorney-at-law Masato Fujinaka, Attorney-at-law Clifford Chance (Gaikokuho Kyodo Jigyo) Palace Building, 3rd floor 1-1, Marunouchi 1-chome Chiyoda-ku, Tokyo 100-0005 Telephone: +81-3-6632-6600
Type of Securities:	Notes (the "Notes")
Scheduled Issuance Period: (2)	27 April 2024 to 26 April 2025
Maximum Outstanding Issuance Amount: (3)	Unlimited
Address of Website for Announcement:	https://www.jpx.co.jp/english/equities/products/tpbm/announcement/index.html
Name of the Main Dealers that are Expected to Subscribe for the Notes to be Drawn-Down from this Program:	Credit Suisse Securities (Japan) Limited Credit Suisse Securities (Europe) Limited
Status of Submission of Annual Securities Reports or Issuer Filing Information: (4)	None

Notes to Investors:

1. TOKYO PRO-BOND Market is a market for professional investors, etc. (*Tokutei Toushika tou*) as defined in Article 2, Paragraph 3, Item 2(b)(2) of the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "FIEA") (the "**Professional Investors, Etc.**"). Notes listed on the market ("**Listed Notes**") may involve high investment risk. Investors should be aware of the listing eligibility and timely disclosure requirements that apply to issuers of Listed Notes on the TOKYO PRO-BOND Market and associated risks such as the fluctuation of market prices and shall bear responsibility for their investments. Prospective investors should make investment decisions after having carefully considered the contents of this Program Information.
2. The regulatory framework for the TOKYO PRO-BOND Market is different in fundamental aspects from

the regulatory framework applicable to other exchange markets in Japan. Investors should be aware of the rules and regulations of the TOKYO PRO-BOND Market, which are available on Japan Exchange Group, Inc. website.

3. Tokyo Stock Exchange, Inc. ("**Tokyo Stock Exchange**") does not express opinions or issue guarantees, etc. regarding the content of this Program Information (including but not limited to, whether this Program Information (a) contains a false statement or (b) lacks information on: (i) important matters that should be announced or (ii) a material fact that is necessary to avoid misleading content) and shall not be liable for any damage or loss.
4. This Program Information consisting of this cover page and the Listing Supplement dated 26 April 2018 in respect of Credit Suisse International Unlisted Securities Programme (Unlimited Program Size) (as supplemented from time to time) ("**Program**") and each of the Supplements to Listing Supplement dated 21 August 2023 and 29 November 2023 (excluding Program Information concerning securities enumerated in each item of Article 3 of the FIEA), include information regarding necessary matters pursuant to Rule 206, Paragraph 2 of the Special Regulations of Securities Listing Regulations Concerning Specified Listed Securities (hereinafter referred to as the "**Special Regulations**") as information prescribed in Article 2, Paragraph 1, Item 1 of the Cabinet Office Ordinance on Provision and Publication of Information on Securities, etc. Accordingly, this Program Information shall constitute Specified Securities Information stipulated in Article 27-31, Paragraph 1 of the FIEA.
5. All prospective investors who intend to purchase the Notes listed or to be listed on the TOKYO PRO-BOND Market should be aware that when they offer to purchase the Notes, they shall be required to (i) enter into and agree the terms of a transfer restriction agreement with the Issuer and/or the person making a solicitation, or (ii) (in the case of a solicitation of an offer to acquire the Notes to be newly issued) agree to comply with the terms of a transfer restriction. The terms of such transfer restriction agreement or transfer restriction provide that prospective investors agree not to sell, transfer or otherwise dispose of the Notes to be held by them to any person other than the Professional Investors, Etc., except for the transfer of the Notes to the following:
 - (a) the Issuer or the Officer (meaning directors, company auditors, executive officers or persons equivalent thereto) thereof who holds shares or equity pertaining to voting rights exceeding 50% of all the voting rights in the Issuer which is calculated by excluding treasury shares or any non-voting rights shares (the "**Voting Rights Held by All the Shareholders, Etc.**" (*Sou Kabunushi Tou no Giketsuken*)) (as prescribed in Article 29-4, Paragraph 2 of the FIEA) of the Issuer under his/her own name or another person's name (the "**Specified Officer**" (*Tokutei Yakuin*)), or a juridical person (excluding the Issuer) whose shares or equity pertaining to voting rights exceeding 50% of the Voting Rights Held by All the Shareholders, Etc., are held by the Specified Officer (the "**Controlled Juridical Person, Etc.**" (*Hi-Shihai Houjin Tou*)) including a juridical person (excluding the Issuer) whose shares or equity pertaining to voting rights exceeding 50% in total of the Voting Rights Held by All the Shareholders, Etc. are held by the Specified Officer and/or the Controlled Juridical Person, Etc. under its own name or another person's name (as prescribed in Article 11-2, Paragraph 1, Item 2 (c) of the Cabinet Office Ordinance on Definitions under Article 2 of the Financial Instruments and Exchange Act (MOF Ordinance No. 14 of 1993, as amended)); or
 - (b) a company that holds shares or equity pertaining to voting rights exceeding 50% of the Voting Rights Held by All the Shareholders, Etc. of the Issuer in its own name or another person's name.
6. When (i) a solicitation of an offer to acquire the Notes listed on the TOKYO PRO-BOND Market or (ii) an offer to sell or a solicitation of an offer to purchase the Notes listed on the TOKYO PRO-BOND Market (collectively, "**Solicitation of the Note Trade**") is made, the following matters shall be notified from the person who makes such Solicitation of the Note Trade to the person to whom such Solicitation of the Note Trade is made:
 - (a) no securities registration statement (pursuant to Article 4, Paragraphs 1 through 3 of the FIEA)

has been filed with respect to the Solicitation of the Note Trade;

- (b) the Notes fall, or will fall, under the Securities for Professional Investors (*Tokutei Touseika Muke Yukashoken*) (as defined in Article 4, Paragraph 3 of the FIEA);
 - (c) any acquisition or purchase of the Notes by such person pursuant to any Solicitation of the Note Trade is conditional upon such person (i) entering into an agreement providing for the restriction on transfer of the Notes as set forth in note 5 above, (x) with each of the Issuer and the person making such Solicitation of the Note Trade (in the case of a solicitation of an offer to acquire the Notes to be newly issued), or (y) with the person making such Solicitation of the Note Trade (in the case of an offer to sell or a solicitation of an offer to purchase the Notes already issued), or (ii) agreeing to comply with the restriction on transfer of the Notes as set forth in note 5 above (in the case of a solicitation of an offer to acquire the Notes to be newly issued);
 - (d) Article 4, Paragraphs 3, 5 and 6 of the FIEA will be applicable to such certain solicitation, offers and other activities with respect to the Notes as provided in Article 4, Paragraph 2 of the FIEA;
 - (e) the Specified Securities Information, Etc. (*Tokutei Shouken Tou Jouhou*) (as defined in Article 27-33 of the FIEA) with respect to the Notes and the Issuer Information, Etc. (*Hakkosha Tou Jouhou*) (as defined in Article 27-34 of the FIEA) with respect to the Issuer have been or will be made available for the Professional Investors, Etc. by way of such information being posted on the website maintained by the TOKYO PRO-BOND Market (<https://www.jpx.co.jp/english/equities/products/tpbm/index.html> or any successor website), in accordance with Rules 210 and 217 of the Special Regulations; and
 - (f) the Issuer Information, Etc. will be provided to the holders of the Notes or made public pursuant to Article 27-32 of the FIEA.
7. In respect of this Program, a rating was assigned on 12 March 2018 (and last updated on 21 March 2023) from Rating and Investment Information, Inc., which is a credit rating firm registered under Article 66-27 of the FIEA.
 8. Although this Program contemplates issuance of various types and products of the securities as set out in Annex (Programme Memorandum) to the Listing Supplement, the securities which are classified as Certificates and Warrants (each as specified in Annex (Programme Memorandum) to the Listing Supplement) and Notes which are not eligible to be listed on the TOKYO PRO-BOND Market under the rules and regulations of Tokyo Stock Exchange or due to technical difficulties shall not be listed on the TOKYO PRO-BOND Market.
 9. For the avoidance of doubt, the Issuer referred to in Part I: Securities Information means Credit Suisse International only for this Program Information.
 10. The Issuer's corporate information stipulated in Part II: Corporate Information of this Program Information shall prevail over the Issuer's corporate information stipulated in other sections of this Program Information.
 11. Any reference to Credit Suisse Group AG in this Program Information shall be replaced with UBS Group AG.

PART I: SECURITIES INFORMATION

**I. TERMS AND CONDITIONS OF PRIMARY OFFERING FOR
SUBSCRIPTION TO SPECIFIED INVESTORS**

Credit Suisse AG, acting through its London Branch

and

Credit Suisse International
as Issuers

Unlisted Securities Programme

Under its Unlisted Securities Programme, as described in this Programme Memorandum (the "**Programme**"), Credit Suisse AG, acting through its London Branch and Credit Suisse International (together the "**Issuers**", and each an "**Issuer**") may from time to time issue notes (the "**Notes**"), certificates (the "**Certificates**") or warrants (the "**Warrants**"). Notes, Certificates and Warrants shall be referred to collectively as "**Securities**" herein. The Securities will be subject to the applicable general terms and conditions set out in this Programme Memorandum as may (but need not) be supplemented and/or modified by the terms set out in the product supplement relating to the particular type of Security (each a "**Product Supplement**") and on the terms set out in a pricing supplement specific to a particular issue of Securities (each a "**Pricing Supplement**").

Each Pricing Supplement will contain information in respect of Securities of the relevant Series (as defined herein) (and distinguish between different Tranches (as defined herein) of the relevant Series where applicable).

Securities issued under this Programme will not be listed on any stock exchange.

Restrictions have been imposed on offers and sales of the Securities and on the distribution of documents relating thereto in the United States of America, the United Kingdom, the European Economic Area, France, Hong Kong, Italy, Luxembourg, and Singapore. The distribution of this document and offers and sales of the Securities in certain other jurisdictions may be restricted by law. Persons into whose possession this document comes are required by the Issuers to inform themselves about, and to observe, any such restrictions. See "Sale and Subscription".

See "Investment Considerations" for certain considerations relating to an investment in Securities.

Programme Memorandum dated 17 June 2011

The attention of prospective purchasers of Securities is drawn to "Investment Considerations" on page 7 of this Programme Memorandum, together with any "Investment Considerations" set out in the relevant Pricing Supplement. Any prospective purchaser should conduct its own investigation into the Securities, including the underlying share, equity index, inflation index, commodity (or commodity index), exchange rate, basket of any combination of the foregoing or other asset, rate or variable (as the case may be) to which the Securities are linked and, in deciding whether or not to purchase the Securities, should form its own view of the merits of such an investment based upon such investigations.

This Programme Memorandum does not constitute an offer of Securities, and may not be used for the purposes of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised, or to any person to whom it is unlawful to make such offer or solicitation and no action is being taken to permit an offering of Securities or the distribution of this Programme Memorandum in any jurisdiction where any such action is required except as specified in the relevant Pricing Supplement.

The distribution of this Programme Memorandum and the offering of the Securities in certain jurisdictions may be restricted by law. Persons into whose possession this Programme Memorandum comes are required by the Issuers to inform themselves about, and to observe, any such restrictions.

The Securities have not been and will not be registered under the Securities Act of 1933 of the United States of America, as amended, (the "**Securities Act**"). Subject to certain exceptions, the Securities may not be offered, sold or delivered within the United States of America or to U.S. persons. See "Sale and Subscription". Terms used in this paragraph and not otherwise defined have the meanings given to them by Regulation S under the Securities Act.

In the context of the initial placement of the Securities, sales may result in the payment of commissions or other benefits for investors.

TABLE OF CONTENTS

	Page
SUMMARY OF THE PROGRAMME	4
INVESTMENT CONSIDERATIONS	8
GENERAL TERMS AND CONDITIONS OF THE NOTES	12
1. Form, Denomination and Title	13
2. Transfers of Registered Notes	14
3. Status	14
4. Interest and other Calculations	14
5. Redemption, Purchase and Option	20
6. Payments	22
7. Taxation	24
8. Prescription	24
9. Events of Default	24
10. Meeting of Noteholders and Modifications	25
11. Further Issues	26
12. Notices	26
13. Calculations and Determinations	26
14. Substitution of the Issuer	26
15. Third Parties	27
16. Miscellaneous Definitions	27
17. Governing Law and Jurisdiction	27
FORM OF PRICING SUPPLEMENT FOR NOTES	29
SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM	42
GENERAL TERMS AND CONDITIONS OF THE CERTIFICATES	44
FORM OF PRICING SUPPLEMENT FOR CERTIFICATES	51
GENERAL TERMS AND CONDITIONS OF THE WARRANTS	58
FORM OF PRICING SUPPLEMENT FOR WARRANTS	66
TAXATION	75
SALE AND SUBSCRIPTION	82
GENERAL INFORMATION	87

SUMMARY OF THE PROGRAMME

The following summary is qualified in its entirety by the remainder of this Programme Memorandum. Capitalised terms used but not defined in this summary shall have the meanings given to them elsewhere in this Programme Memorandum.

Issuers:	<p><i>Credit Suisse AG, acting through its London Branch ("CS").</i> Information on CS is provided in CS's registration document, the most recent version of which is available at the offices of any of the Fiscal Agent, Principal Certificate Agent or Principal Warrant Agent.</p> <p><i>Credit Suisse International ("CSI").</i> Information on CSI is provided in CSI's registration document, the most recent version of which is available at the offices or any of the Fiscal Agent, Principal Certificate Agent or Principal Warrant Agent.</p>
Description:	Programme for the issue of Notes, Certificates and Warrants
Dealers and Selling Agents:	The Issuer may from time to time appoint one or more dealers and/or selling agents in respect of one or more Series including, for example, CSI. Any such appointment will be made pursuant to an agreement to be entered into in respect of the relevant Series between the Issuer and the relevant Dealer and/or Selling Agent. References in this Programme Memorandum to "Dealers" and "Selling Agents" are to all persons appointed as a dealer or selling agent, respectively, for one or more Series.
Fiscal Agent and Principal Certificate Agent:	Citibank Europe plc
Principal Warrant Agent:	Citigroup Global Markets Deutschland AG & Co. KGaA
Calculation Agent:	CSI
Description of the Securities and potential Underlying Assets:	The amount payable or, where Physical Settlement is specified to be applicable in the relevant Pricing Supplement, deliverable, in respect of the Securities may be linked to the performance or valuation of one or more shares, equity indices, inflation indices, commodities (or commodity indices), exchange rates, exchange rate indices, basket of any combination of the foregoing and/or other assets, rates or variables as the case may be and as specified in the relevant Pricing Supplement (the " Underlying Asset(s) ").
Notes:	<p>The Notes are debt securities issued by the Issuer. The currency of denomination, the denomination and the maturity date will be specified in the Pricing Supplement.</p> <p>The amount payable or, where Physical Settlement is specified to be applicable in the relevant Pricing Supplement, deliverable, on the Maturity Date shall be as specified in the relevant Pricing Supplement. The amount due on the Maturity Date may be an amount calculated by reference to one or more Underlying Assets or, where Physical Settlement is not specified to be applicable, or unless otherwise specified in the relevant Pricing Supplement, the outstanding principal amount. Unless redeemed by instalments (if so specified in the Pricing Supplement) the Notes will be redeemed on the Maturity Date specified in the Pricing Supplement and may not (unless otherwise specified in the Pricing Supplement) be redeemed before then except for</p>

reasons of default by the Issuer or the illegality of the Issuer's payment obligations or hedging arrangements or following certain events in relation to Underlying Assets.

The Notes may bear interest and/or premium at a fixed rate or at different fixed rates for different periods or may bear interest at one or more fixed rates followed by a period in which they bear a floating rate of interest or may bear a floating rate of interest throughout the term of the Notes. Alternatively, they may bear no interest and/or premium. In the case of floating rate interest, the rate will be reset periodically by reference to a reference rate specified in the Pricing Supplement and may be at such rates or at a margin above or below such rates and may be subject to one or more maximum and/or minimum rates of interest and/or premium, all as specified in the Pricing Supplement.

Certificates:

Certificates entitle the holder to payment or, where Physical Settlement is specified to be applicable in the relevant Pricing Supplement, to delivery on the Redemption Date of the Redemption Amount and may be linked to the level or price of one or more Underlying Assets. If so specified in the Pricing Supplement, there may also be interim payments and/or mandatory early redemption and/or redemption at the option of the Issuer and/or the holders. Otherwise they may only be redeemed before the Redemption Date for reasons of illegality of the Issuer's payment obligations or hedging arrangements or following certain events in relation to Underlying Assets.

Warrants:

Warrants entitle the holder to payment, or where Physical Settlement is specified to be applicable in the relevant Pricing Supplement, to delivery of a Settlement Amount either following the Expiration Date (in the case of European style Warrants) or the relevant Exercise Date (in the case of American style Warrants). The Settlement Amount will be linked to the level or price of one or more Underlying Assets, unless otherwise specified in the relevant Pricing Supplement. They may only be redeemed before the Expiration Date for reasons of illegality of the Issuer's payment obligations or hedging arrangements or following certain events in relation to Underlying Assets.

Redemption Amount or Settlement Amount:

The calculation of the Redemption Amount (in respect of Notes and Certificates) or the Settlement Amount (in respect of Warrants) will be set out in the relevant Pricing Supplement.

If Physical Settlement is specified to be applicable in the relevant Pricing Supplement, the Issuer shall, in accordance with the provisions as set out in the relevant Pricing Supplement, discharge its payment obligation by delivery of an amount of the specified Underlying Asset.

Maturity

Such maturity as specified in the relevant Pricing Supplement, subject, in relation to specific currencies, to compliance with applicable legal and/or regulatory and/or central bank requirements and provided that no Securities shall be issued hereunder with a scheduled maturity falling after 31 December 2012.

Early Redemption:

If so specified in the relevant Pricing Supplement, the Issuer may redeem Securities early, in accordance with such provisions as are set out in the relevant Pricing Supplement.

Adjustments, Early Redemption or Substitution:	The terms and conditions of the Securities contain provisions dealing with non-business days, disruptions, adjustments, and illegality events which may affect the Underlying Assets and/or the Securities and the timing and calculation of payments and may result in the Securities being redeemed earlier than they might otherwise be redeemed and/or adjustments being made to the terms and conditions thereof. They also allow for the possibility of the substitution of the Issuer without the consent of the Securityholders with an affiliate of the Issuer provided that such affiliate has, or is guaranteed by an affiliate which has, a long-term unsecured debt rating equal to or higher than that of the Issuer.
Form of Securities:	<p>Each Series of Notes may be issued in bearer form ("Bearer Notes") or in registered form ("Registered Notes"). Each Tranche of Bearer Notes will be represented on issue by a Permanent Global Note. Registered Notes that are held by or on behalf of one or more Clearing Systems will be represented by a Global Certificate. Certificates in respect of Registered Notes will not otherwise be issued. A Permanent Global Note will be exchangeable for Notes in definitive form at the request of the Holder.</p> <p>Each Series of Certificates will be represented by a Global Certificate which will be held on behalf of the Central Clearing Systems. Certificates will not be issued in definitive form.</p> <p>Each Series of Warrants will be represented by a Global Warrant which will be held on behalf of the Central Clearing Systems. Warrants will not be issued in definitive form.</p>
Clearing Systems:	Clearstream, Luxembourg and Euroclear (the " Central Clearing Systems " or the " Clearing Systems ") and, in relation to any Series, such other clearing system as may be specified in the relevant Pricing Supplement.
Increase in Issue Size:	In respect of any Series of Securities, the Issuer may from time to time without the consent of the Securityholders create and issue further Securities having the same terms and conditions as the Securities of such Series.
Transfer:	<p>The transfer of Certificates and Warrants may only be effected through an account at the relevant Clearing System.</p> <p>The transfer of Registered Notes may only be effected through the delivery of a duly completed form of transfer to the Registrar or any Transfer Agent.</p>
Status of Securities:	The Securities will constitute unsubordinated and unsecured obligations of the Issuer as described in the section of the General Terms and Conditions of the relevant Securities entitled "Status".
Taxation:	All payments will be made subject to all applicable taxes, and the Issuer shall not pay additional amounts should withholding tax become payable on the Securities. See the section of the applicable General Terms and Conditions entitled "Taxation".
Governing Law:	English law.

Listing:

Securities will not be listed on any stock exchange.

INVESTMENT CONSIDERATIONS

The purchase of Securities involves complex risks and is suitable only for prospective purchasers who have such knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and the merits of an investment in Securities. Before making an investment decision, a prospective purchaser of Securities should consider carefully, in the light of its own financial circumstances and investment objectives, all the information set out or incorporated by reference in this Programme Memorandum, (if applicable) the relevant Product Supplement and the relevant Pricing Supplement and, in particular, the considerations set out below and the specific further investment considerations (if any) set out in the relevant Pricing Supplement. The Investment Considerations set forth below should also be read in conjunction with the "Risk Factors" set forth in the relevant Issuer's registration document.

Credit Risk

Securities are obligations of the relevant Issuer. Securityholders are exposed to the credit risk of the relevant Issuer.

Limited Liquidity

There can be no assurance that a secondary market for any of the Securities will develop, or, if a secondary market does develop, that it will provide the holders of the Securities with liquidity or that it will continue for the life of the Securities. A decrease in the liquidity of an issue of Securities may cause, in turn, an increase in the volatility associated with the price of such issue of Securities. Illiquidity may have a severely adverse effect on the market value of Securities.

Any investor in the Securities must be prepared to hold such Securities for an indefinite period of time or until redemption or expiry of the Securities. The relevant Issuer may, but is not obliged to, purchase Securities at any time at any price in the open market or by tender or private treaty and may hold, resell or cancel them. The market for Securities may be limited. The only way in which a holder can realise value from a Security prior to its maturity or expiry (other than in the case of an American style Warrant) is to sell it at its then market price in the market which may be less than the amount initially invested. The price in the market for a Security may be less than its issue price even though the value of any Underlying Asset may not have changed since the issue date.

To the extent that Warrants of a particular issue are exercised, the number of Warrants remaining outstanding will decrease, resulting in a diminished liquidity for the remaining Warrants.

Optional Redemption by the relevant Issuer

Any call option of the relevant Issuer in respect of the Securities may negatively impact their market value. During any period when the Issuer may elect to redeem Securities, the market value of those Securities generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. The relevant Issuer may be expected to redeem Securities when its cost of borrowing is lower than the interest rate on the Securities. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Securities being redeemed.

Where Securities are linked to Underlying Assets, if certain events occur in relation to an Underlying Asset and it determines that it is unable to make an appropriate adjustment to the terms of the Securities, the relevant Issuer may redeem the Securities at their fair market value.

Interest Rate Risks

Where Securities bear interest at a fixed rate, subsequent changes in market interest rates may adversely affect the value of the Securities.

Where interest on Securities is subject to floating rates of interest that will change subject to changes in market conditions, such changes could adversely affect the rate of interest received on the Securities.

Currency Risk

Investors may be exposed to currency risks because (i) the Underlying Assets may be denominated or priced in currencies other than the currency in which the Securities are denominated and/or (ii) the Securities and/or the Underlying Assets may be denominated in currencies other than the currency of the country in which the investor is resident. The value of the Securities may therefore increase or decrease as a result of fluctuations in those currencies.

Warrants

Warrants involve complex risks which may include interest, share price, commodity, foreign exchange, time value and/or political risks. Investors should recognise that their Warrants may expire worthless. They should be prepared to sustain a total loss of the purchase price of the Warrants. This risk reflects the nature of a Warrant as an asset which, other factors held constant, tends to decline in value over time and which may become worthless when it expires. Assuming all other factors are held constant, the more a Warrant is "out-of-the-money" and the shorter its remaining term to expiration, the greater the risk that purchasers of such Warrants will lose all or part of their investment.

The risk of the loss of some or all of the purchase price of a Warrant upon expiration means that, in order to recover and realise a return upon the investment, a purchaser of a Warrant must generally be correct about the direction, timing and magnitude of an anticipated change in the value of the Underlying Asset. With respect to European style Warrants, the only way in which a holder can realise value from the Warrant prior to the Exercise Date in relation to such Warrant is to sell it at its then market price in an available secondary market.

The Settlement Amount determined in respect of any Warrants exercised at any time prior to expiration is typically expected to be less than the value that can be realised from the Warrants if such Warrants are sold at their then market price in an available secondary market at that time. The difference between the market price value and the determined Settlement Amount will reflect, among other things, a "time value" for the Warrants. The "time value" of the Warrants will depend partly upon the length of the period remaining to expiration and expectations concerning the value of the Underlying Asset, as well as by a number of other interrelated factors, including those specified herein.

Before exercising or selling Warrants, Warrantheolders should carefully consider, among other things, (i) the trading price of the Warrants, (ii) the value and volatility of the Underlying Asset, (iii) the time remaining to expiration, (iv) the probable range of Settlement Amounts, (v) any change(s) in interim interest rates and relevant dividend yields, (vi) any change(s) in currency exchange rates, (vii) the depth of the market or liquidity of the securities comprised in any relevant equity index and (ix) any related transaction costs.

In the case of the exercise of Warrants, there will be a time lag between the giving by the Warrantheolder of instructions to exercise and the determination of the Settlement Amount. Such time lag could be extended, particularly if there are limitations on the maximum amount of Warrants that may be exercised on one day. The prices or levels of the relevant Underlying Assets could change significantly during such time lag resulting in a decrease in the Settlement Amount (including a decrease to zero).

If so indicated in the relevant Pricing Supplement, the relevant Issuer may limit the number of Warrants which may have the same Valuation Date (other than on the Expiration Date). In such event, the Valuation Date of Warrants forming the excess over the relevant maximum amount may be postponed.

Conflicts of Interest

In making calculations and determinations with regard to the Securities, there may be a difference of interest between the investors and the relevant Issuer. The relevant Issuer is required to act in good faith but does not have any obligations of agency or trust for any investors and has no fiduciary obligations towards them. In particular the relevant Issuer and its affiliated entities may have interests in other capacities (such as other business relationships and activities).

As the Calculation Agent will generally be an affiliate of the relevant Issuer, there may also be potential conflicts of interest between the investors and the Calculation Agent. Any determination made by the Calculation Agent may have an impact on the value and financial return of the Securities. Any such determination exercised by, or any calculation made by, the Calculation Agent (in the absence of manifest or proven error) shall be binding on the relevant Issuer and all investors.

Loss of Investment

If the amount payable on redemption, exercise or expiry of the Securities is less than their issue price, investors may lose all or part of their investment.

Adjustments and Early Redemption, or Cancellation

In certain circumstances the relevant Issuer may make adjustments to the terms of the Securities (including substituting Underlying Assets) or redeem, or cancel them at their fair market value as determined by it without the consent of the Securityholders.

Securities linked to other Assets

Where the amounts of payments under Securities are linked to the performance or valuation of equity indices, inflation indices, shares, depositary receipts, commodities, commodity indices, exchange rates, exchange rate indices and/or other assets, rates or variables as the case may be (each, an **"Underlying Asset"**) an investment in the Securities is not the same as an investment in any or all of the Underlying Assets or any share, security, exchange rate, commodity or other component (each, a **"Component"**) comprised in a relevant index or an investment which is directly linked to any of them. In particular, investors will not benefit from any dividends unless the relevant equity index is a total return index.

The levels or prices of Underlying Assets (and of Components comprised in an index) may go down as well as up throughout the term of the Securities. Such fluctuations may affect the value of the Securities. Furthermore, the levels or prices of such Underlying Assets at any specific date may not reflect their prior or future performance or valuation. There can be no assurance as to the future performance or valuation of any Underlying Asset. Accordingly, before investing in the Securities, investors should carefully consider whether any investment linked to the relevant Underlying Assets is suitable for them.

Securities linked to Underlying Assets may involve complex risks, which include, among other things, share price risks, credit risks, commodity risks, foreign exchange risks, interest rate risks, political and/or issuer risks. If the Securities are linked to an Underlying Asset which involves emerging market countries there may be additional risks, including event, market, liquidity, regulatory, settlement and holder risks and investors should note that the risk of occurrence and the severity of the consequences of the matters described herein may be greater than they would otherwise be in relation to more developed countries.

Where the Securities are linked to Underlying Assets which include depositary receipts investors should consult the relevant deposit agreement for the rights attaching to those depositary receipts, which may be different from the rights attaching to the underlying shares of such depositary receipts. In particular, depositary receipts may not get the benefit of any dividend paid on such underlying shares.

Where an Underlying Asset is an index (a **"Proprietary Index"**) composed by the relevant Issuer or one of its affiliates (the **"Index Creator"**), the rules of such index may be amended by the Index Creator. No assurance can be given that any such amendment would not be prejudicial to Securityholders.

The value of a Proprietary Index is published subject to the provisions in the rules of the index. None of the Issuer, the Index Creator or the relevant publisher is obliged to publish any information regarding such index other than as stipulated in the rules of the index. The Index Creator may enter into licensing arrangements with investors pursuant to which the investor in question can obtain further and more detailed information, such as the constituent stocks, against payment of licensing fees and typically subject to a time lag. It is expected that only large professional investors will enter into such licensing arrangements.

The Issuer and the Index Creator are affiliated entities and may face a conflict of interest between their obligations as Issuer and Index Creator, respectively, and their interests in another capacity. No assurance can be given that the resolution of such potential conflicts of interest may not be prejudicial to the interests of Securityholders. The Securities may be linked to the performance of specific commodity indices. As a result of rollover gains/costs that have to be taken into account within the calculation of such indices and under certain market conditions, such indices may outperform or underperform the underlying commodities contained in such indices. Furthermore, the prices of the underlying commodities may be referenced by the price of the current futures contract or active front contract and rolled into the following futures contract before expiry. The price of the Securities during their lifetime and at maturity is, therefore, sensitive to fluctuations in the expected futures prices and can substantially differ from the spot price of the commodities. Commodities strongly depend on

supply and demand and are subject to increased price fluctuations. Such price fluctuations may be based (among others) on the following factors: perceived shortage of the relevant commodity, weather damage, loss of harvest, governmental intervention or political upheavals.

Tax

General

The level and basis of taxation on the Securities and on the Securityholders and any reliefs from such taxation depend on the Securityholder's individual circumstances and could change at any time. The tax and regulatory characterisation of the Securities may change over the life of the Securities. This could have adverse consequences for Securityholders. Potential Securityholders will therefore need to consult their own tax advisers to determine the specific tax consequences of the purchase, ownership, transfer and redemption or enforcement of the Securities.

GENERAL TERMS AND CONDITIONS OF THE NOTES

The following is the text of the general terms and conditions which, subject to the provisions of (if any) the relevant Product Supplement and of the Pricing Supplement, shall be applicable to the Notes. References in the Conditions to "Notes" are to the Notes of one Series only, not to all Notes that may be issued under the Programme. Definitions used in these General Terms and Conditions of the Notes shall not apply to any other General Terms and Conditions contained in this Programme Memorandum.

The Notes (which expression shall include any Notes issued pursuant to General Condition 11) are issued by whichever of Credit Suisse AG, acting through its London Branch or Credit Suisse International is specified to be the Issuer (the "**Issuer**") in the relevant Pricing Supplement (as defined below) pursuant to an Agency Agreement dated 1 July 2010 (as may be amended and/or restated and/or supplemented from time to time, the "**Agency Agreement**") between the Issuers, Citibank Europe plc as fiscal agent and the other agents named in it and with the benefit of a deed of covenant entered into by Credit Suisse AG, acting through its London Branch on 19 November 2009 and a deed of covenant entered into by Credit Suisse International on 1 July 2010 (as amended and/or restated and/or supplemented as at the Issue Date, each a "**Deed of Covenant**"). The fiscal agent, the paying agents (which shall include the Principal Certificate Agent and the Principal Warrant Agent), the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the "**Fiscal Agent**", the "**Paying Agents**" (which expression shall include the Fiscal Agent), the "**Registrar**", the "**Transfer Agents**" and the "**Calculation Agent(s)**", and together the "**Agents**". The Noteholders (as defined in General Condition 1) are deemed to have notice of all of the provisions of the Agency Agreement applicable to them.

Copies of the Agency Agreement and each Deed of Covenant are available for inspection at the specified office of the Fiscal Agent.

The amount payable or deliverable on the Notes may be linked to one or more "**Underlying Asset(s)**" as shall be specified in the relevant Pricing Supplement.

The Notes of any series (a "**Series**") and of any tranche (a "**Tranche**") comprising, together with another Tranche or other Tranches, a Series, are subject to these General Terms and Conditions of the Notes (the "**General Conditions**"), as modified and/or supplemented by the terms of (if any) the relevant product supplement (each a "**Product Supplement**") relating to the relevant Notes (the "**Product Terms**") and the terms of the relevant Pricing Supplement (each a "**Pricing Supplement**") relating to the relevant Notes (the "**Pricing Supplement Terms**" and together with the Product Terms (if any), the "**Terms**"). The relevant Pricing Supplement will be appended to the Permanent Global Note representing the Notes (the "**Permanent Global Note**"). For the avoidance of doubt, a Product Supplement may not be prepared in respect of some or all of the Notes, in which case all references in these General Conditions in relation to such Notes to "Product Supplement" and "Product Terms" shall be disregarded.

Expressions used herein and not defined shall have the meaning given to them in the relevant Terms. In the event of any inconsistency between the General Conditions and (if any) the Product Terms, the Product Terms will prevail. In the event of any inconsistency between the Pricing Supplement Terms and the General Conditions and (if any) the Product Terms, the Pricing Supplement Terms will prevail. Reference to "**Conditions**" are to the General Conditions as supplemented or amended by (if any) the Product Terms and the Pricing Supplement Terms.

1. Form, Denomination and Title

The Notes are issued in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**") in each case with a nominal amount (the "**Nominal Amount**") equal to the Specified Denomination(s) specified in the Pricing Supplement.

Bearer Notes will be represented by a permanent global Note (a "**Permanent Global Note**") in bearer form (a "**Classic Global Note**" or "**CGN**") which will be deposited with a common depository on behalf of Clearstream Banking société anonyme ("**Clearstream, Luxembourg**") and Euroclear Bank S.A./N.V. ("**Euroclear**", and together with Clearstream, Luxembourg, the "**Central Clearing Systems**") or such other clearing system as may be agreed between the Issuer and the Fiscal Agent (the "**Alternative Clearing System**" and, together with the Central Clearing Systems, the "**Clearing Systems**") on or before the relevant issue date. The Permanent Global Note will be exchangeable for Notes in definitive form in the circumstances set out below.

Registered Notes will initially be represented by interests in a global registered certificate (the "**Global Certificate**"), which will be deposited with a common nominee for, and registered in the name of a common nominee of, the Central Clearing Systems or an Alternative Clearing System (as shall be specified in the Pricing Supplement) on or before its issue date.

In the case of Notes in definitive form in respect of which interest is payable in accordance with the Conditions, such Notes shall have interest coupons ("**Coupons**") attached. Any reference herein to "**Couponholders**" shall mean the holders of the Coupons.

In the case of Notes in definitive form in respect of which the principal is payable in instalments, such Notes shall have receipts ("**Receipts**") for the payment of instalments of principal relating to such Notes.

Title to the Bearer Notes and Coupons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Permanent Global Note representing it) or its theft or loss (or that of the related Permanent Global Note) and no person shall be liable for so treating the holder.

For so long as any of the Notes is represented by a Permanent Global Note or a Global Certificate held by or on behalf of one or more Clearing Systems specified in the Pricing Supplement, each person (other than one Clearing System to the extent that it appears on the books of another Clearing System) who is for the time being shown in the records of the relevant Clearing System as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by the relevant Clearing System as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and each Agent as the holder of such nominal amount of such Notes for all purposes other than with respect to the right to payment on such nominal amount of such Notes, the right to which shall be vested, as against the Issuer and any Agent, solely in the bearer of the relevant Permanent Global Note or the person in whose name the Registered Note is registered in accordance with and subject to its terms (and the expressions "**Noteholder**" and "**holder**" of Notes and related expressions in the Conditions shall be construed accordingly). Rights in respect of Notes which are held by or on behalf of a Clearing System will be transferable only in accordance with the rules and procedures for the time being of the relevant Clearing System.

So long as the Notes are represented by a Permanent Global Note or a Global Certificate and the relevant Clearing System(s) so permit, the Notes shall be tradeable only in principal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination) provided hereon and integral multiples of the Tradeable Amount provided hereon.

A Permanent Global Note representing a Note with an original maturity of more than 183 days will be exchangeable, free of charge, in whole but not in part, on or after the due date for exchange, for Notes

in definitive form, if requested by the holder on behalf of the beneficial owner of interests in the Permanent Global Security. Any such request must include the name, address and telephone number of the requesting beneficial owner. Upon such request, the holder's interests in the Permanent Global Note shall be exchanged for interests in Notes in definitive form and such Notes shall be removed, upon issuance, from the Clearing System and may not be readmitted to the Clearing System. No Notes in definitive form will be delivered to any address within the United States or its possessions (which include Puerto Rico, the US Virgin Islands, Guam, American Samoa, Wake Island, and Northern Mariana Islands).

2. Transfers of Registered Notes

(a) Transfer of Registered Notes

To transfer one or more Registered Notes a duly completed form of transfer in the form available from the Registrar or any Transfer Agent must be delivered to the specified office of the Registrar or any Transfer Agent together with such other evidence as to the holder's identity and authority as the Registrar or Transfer Agent may reasonably require. All transfers of Registered Notes and entries on the Register will be made subject to the regulations scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar. A copy of the current regulations will be made available by the Registrar to any holder of a Registered Note upon request.

(b) Transfers Free of Charge

The transfer of Notes shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(c) Closed Periods

No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Note, (ii) during the period of 15 days before any date on which Notes may be called for redemption by the Issuer at its option pursuant to General Condition 5(d)(iii) after any such Note has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date (as defined in Condition 6(b) below).

3. Status

The Notes are unsubordinated and unsecured obligations of the Issuer and will rank *pari passu* and ratably without any preference among themselves and equally with all other unsubordinated and unsecured obligations of the Issuer from time to time outstanding (other than obligations preferred by mandatory operation of law).

4. Interest and other Calculations

(a) **Interest on Fixed Rate Notes:** Each Fixed Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date.

If a Fixed Coupon Amount or a Broken Amount is specified in the relevant Terms, the amount of interest payable on each Interest Payment Date will amount to the Fixed Coupon Amount or, if applicable, the Broken Amount so specified and in the case of the Broken Amount will be payable on the particular Interest Payment Date(s) specified in the relevant Terms.

(b) **Interest on Floating Rate Notes:**

(i) *Interest Payment Dates:* Each Floating Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum

(expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. Such Interest Payment Date(s) is/are either Specified Interest Payment Dates or, if there is no Specified Interest Payment Date, Interest Payment Date shall mean each date which falls the number of months or other period specified in the relevant Terms as the Specified Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

- (ii) *Business Day Convention:* If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.
- (iii) *Rate of Interest for Floating Rate Notes:* The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate plus or minus (as indicated hereon) the Margin (if any). For the purposes of this sub-paragraph (iii), "**ISDA Rate**" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (x) the Floating Rate Option is as specified in the relevant Terms;
- (y) the Designated Maturity is a period specified in the relevant Terms; and
- (z) the relevant Reset Date is the first day of that Interest Accrual Period.

For the purposes of this sub-paragraph (iii), "Floating Rate", "Calculation Agent" and "Swap Transaction" have the meanings given to those terms in the ISDA Definitions.

- (c) **Interest on Variable Rate Notes:** Each Variable Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) in respect of each Interest Period equal to the Rate of Interest in respect of such Interest Period, such interest being payable in arrear on each Interest Payment Date.

The Rate of Interest and the Interest Amount payable shall be calculated by the Calculation Agent on the Interest Determination Date in accordance with General Condition 4(i).

If any date for payment in respect of any Variable Rate Note is not a business day (as defined in General Condition 6(f)), there shall be no adjustment to the duration of the relevant Interest Period and the holder of the relevant Note shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment.

- (d) **Zero Coupon Notes:** Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in General Condition 5(b)(i)).

- (e) **Partly Paid Notes:** In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the relevant Terms.
- (f) **Accrual of Interest:** Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgement) at the Rate of Interest in the manner provided in this General Condition 4 to the Relevant Date (as defined in General Condition 8).
- (g) **Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts, Rate Multipliers and Rounding:**
- (i) If any Margin or Rate Multiplier is specified in the relevant Terms (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with (b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin or multiplying by such Rate Multiplier, subject always to the next paragraph.
 - (ii) If any Maximum or Minimum Rate of Interest, or Instalment Amount or Final Redemption Amount is specified in the relevant Terms, then any Rate of Interest, or Instalment Amount, or Final Redemption Amount shall be subject to such maximum or minimum, as the case may be.
 - (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "unit" means the lowest transferable amount of such currency.
- (h) **Calculations:** The amount of interest payable in respect of any Note for any period shall be calculated by multiplying the product of the Rate of Interest and the outstanding nominal amount of such Note by the Day Count Fraction, unless an Interest Amount (or a formula for its calculation) is specified in respect of such period, in which case the amount of interest payable in respect of such Note for such period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable in respect of such Interest Period shall be the sum of the amounts of interest payable in respect of each of those Interest Accrual Periods.
- (i) **Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts:** On such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, it shall determine such rate and calculate the Interest Amounts in respect of each Specified Denomination of the Notes for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Fiscal Agent, each of the Paying Agents, the Noteholders and any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to General Condition 4(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under General Condition 9, the accrued interest and the

Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this General Condition 4 but no publication of the Rate of Interest or the Interest Amount so calculated need be made.

- (j) **Definitions:** Unless the context otherwise requires, the following terms shall have the meanings set out below:

"Business Day" means:

- (i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or
- (ii) in the case of euro, a day on which the TARGET2 system is operating (a **"TARGET Business Day"**); and/or
- (iii) in the case of a currency and/or one or more Additional Business Centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Additional Business Centre(s) or, if no currency is indicated, generally in each of the Additional Business Centres;

"Day Count Fraction" means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period, the **"Calculation Period"**):

- (i) if **"Actual/Actual"** or **"Actual/Actual – ISDA"** is specified in the relevant Terms, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if **"Actual/365 (Fixed)"** is specified in the relevant Terms, the actual number of days in the Calculation Period divided by 365;
- (iii) if **"Actual/360"** is specified in the relevant Terms, the actual number of days in the Calculation Period divided by 360;
- (iv) if **"30/360"**, **"360/360"** or **"Bond Basis"** is specified in the relevant Terms, the number of days in the Calculation Period divided by 360 calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D₁" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

- (v) if "30E/360" or "Eurobond Basis" is specified in the relevant Terms, the number of days in the Calculation Period divided by 360 calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D₁" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D₂ will be 30;

- (vi) if "30E/360 (ISDA)" is specified in the relevant Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D₁" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D₂ will be 30;

- (vii) if "**Actual/Actual-ICMA**" is specified in the relevant Terms:
- (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
 - (b) if the Calculation Period is longer than one Determination Period, the sum of:
 - (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
 - (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year;

where:

"Determination Date" means the dates specified as such in the relevant Terms or, if none is so specified, the Interest Payment Dates;

"Determination Period" means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

"Designated Maturity" means the period set out in the relevant Terms.

"Delivery Agent" means Credit Suisse International (or such other Delivery Agent as may be appointed by the relevant Issuer from time to time).

"Interest Accrual Period" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

"Interest Amount" means the amount of interest payable, and in the case of Fixed Rate Notes, means the Fixed Coupon Amount or Broken Amount, as the case may be.

"Interest Commencement Date" means the Issue Date or such other date as may be specified in the relevant Terms.

"Interest Period Date" means each Interest Payment Date unless otherwise specified in the relevant Terms.

"Interest Period" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

"ISDA Definitions" means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc.

"Rate of Interest" means the rate of interest payable from time to time in respect of the Notes.

"TARGET2 System" means the Trans-European Automated Real-Time Gross Settlement Express Transfer System or any successor thereto.

5. Redemption, Purchase and Option**(a) Redemption by Instalments and Final Redemption:**

- (i) Unless previously redeemed, purchased and cancelled (as provided either in these General Conditions or as specified in the relevant Terms), or the relevant Instalment Date is extended pursuant to any Issuer's or Noteholder's option in accordance with General Condition 5(d) or 5(e) or as specified in the relevant Terms, each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified hereon. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.
- (ii) Unless previously redeemed, purchased and cancelled (as provided either in these General Conditions or as specified in the relevant Terms), or its maturity is extended pursuant to any Issuer's or Noteholder's option in accordance with General Condition 5(d) or 5(e) or as specified in the relevant Terms, each Note shall be finally redeemed on the Maturity Date at its Final Redemption Amount (which, unless otherwise provided in the relevant Terms, is its nominal amount) or, in the case of a Note falling within paragraph (i) above, its final Instalment Amount.

(b) Early Redemption:

- (i) Zero Coupon Notes:
 - (A) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to General Condition 5(c) or upon it becoming due and payable as provided in General Condition 9 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified in the relevant Terms.
 - (B) Subject to the provisions of sub-paragraph (C) below (and unless otherwise specified in the relevant Terms), the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is specified, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
 - (C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to General Condition 5(c) or upon it becoming due and payable as provided in General Condition 9 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall, unless otherwise specified in the relevant Terms, be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (as well after as before judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with General Condition 4(c).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction.

- (ii) Other Notes: The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to General Condition 5(c) or upon it becoming due and payable as provided in General Condition 9, shall, unless otherwise specified in the relevant Terms, be the amount determined by the Calculation Agent that, in the case of redemption pursuant to General Condition 5(c) on the fifth Business Day in London prior to the due date for redemption or, in the case of redemption pursuant to General Condition 9, on the due date for redemption of such Note has the effect of preserving for the holder of such Note the economic equivalent of the obligation of the Issuer, to make payments of principal and interest in respect of such Note that would, but for such redemption, have fallen due after such date.

(c) **Redemption for Illegality Reasons:**

The Notes may be redeemed at the option of the Issuer, in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Fiscal Agent and, in accordance with General Condition 12, the Noteholders (which notice shall be irrevocable), if the Issuer shall have determined in good faith that the performance of any of its obligations under the Notes or that any arrangements made to hedge its position under the Notes shall have or will become unlawful, illegal or otherwise prohibited in whole or in part as a result of compliance with any applicable present or future law, rule, regulation, judgment, order or directive of any government, administrative, legislative or judicial authority or power, or any change in the interpretation thereof.

Each Note redeemed pursuant to this General Condition 5(c) will be redeemed at its Early Redemption Amount.

- (d) **Redemption at the Option of the Issuer and Exercise of Issuer's Options:** If Call Option is specified in the relevant Terms, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified in the relevant Terms) redeem, or exercise the Issuer's option (as may be described in the relevant Terms) in relation to, all or, if so provided, some, of the Notes on any Optional Redemption Date or Option Exercise Date, as the case may be. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the minimum nominal amount to be redeemed specified hereon and no greater than the maximum nominal amount to be redeemed specified hereon.

All Notes in respect of which any such notice is given shall be redeemed, or the Issuer's option shall be exercised, on the date specified in such notice in accordance with this General Condition.

In the case of a partial redemption or a partial exercise of the Issuer's option, the notice to Noteholders shall also contain the series numbers of the Notes to be redeemed or in respect of which such option has been exercised, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws or relevant authority requirements.

- (e) **Redemption at the Option of Noteholders and Exercise of Noteholders' Options:** If Put Option is specified in the relevant Terms, the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified hereon) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount together with interest accrued to the date fixed for redemption.

In the case of Notes not held in or on behalf of a Clearing System, to exercise such option the holder must deposit a duly completed option exercise notice ("**Exercise Notice**") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within

the notice period together with (in the case of Bearer Notes) Notes in definitive form and all unmatured Coupons relating thereto with any Paying Agent or (in the case of Registered Notes) with the Registrar or any Transfer Agent at its specified office.

- (f) **Partly Paid Notes:** Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this General Condition and the provisions specified hereon.
- (g) **Purchases:** The Issuer, any subsidiary and/or any Affiliate of the Issuer may at any time purchase Notes (provided that all unmatured Coupons and Receipts (if any) are purchased with them) in the open market or otherwise at any price and may hold or resell or cancel them. References to "Affiliate" include any entity controlled, directly or indirectly, by the Issuer, any entity that controls, directly or indirectly, the Issuer and any entity under common control with the Issuer. As used herein, "control" means ownership of a majority of the voting power of the entity or, as the case may be, the Issuer and "controlled by" and "controls" shall be construed accordingly.
- (h) **Cancellation:** Notes purchased by or on behalf of the Issuer or any of its subsidiaries or Affiliates may (at the option of the Issuer in accordance with paragraph (g) above) be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note (together with, in the case of Notes in definitive form, any related Coupons and Receipts) to the Fiscal Agent and, in the case of Registered Notes, by surrendering the Global Certificate representing such Note to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer be cancelled forthwith. Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.
- (i) **Reference to Principal:** References to principal shall be deemed to include, wherever the context so admits, any amounts payable under the Notes other than by way of interest.
- (j) **Physical Settlement:** Where Physical Settlement is specified to be applicable in the relevant Pricing Supplement, subject to any conditions specified in the relevant Terms, the Issuer shall discharge its payment obligation by delivery of the Underlying Asset Amount in accordance with the terms specified in the relevant Terms. For such purpose, "**Underlying Asset Amount**" means in relation to a Tranche, the amount of Underlying Asset(s) as specified in the relevant Pricing Supplement, which may be delivered by the Delivery Agent on behalf of the relevant Issuer on the date specified in the relevant Pricing Supplement.

6. Payments

(a) *Bearer Notes*

Payments of principal and interest in respect of Bearer Notes shall be made against presentation and annotation or, if no further payment is to be made, surrender of the Permanent Global Note at the specified office of any Paying Agent outside the United States and its possessions (which include Puerto Rico, the US Virgin Islands, Guam, American Samoa, Wake Island, and Northern Mariana Islands) by transfer to an account denominated in the Settlement Currency with a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET2 System. A record of each payment so made will be endorsed on each Permanent Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Notes.

(b) *Registered Notes*

Payments of principal and interest in respect of Registered Notes shall be made to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "**Record Date**"). Payments on each Registered Note shall be made in the Settlement Currency by cheque drawn on a bank and mailed to the holder (or to the first-named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment may be made by transfer to an account in the Settlement Currency specified by

the payee with a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET2 System.

(c) *Notes in definitive form*

Payments of principal or interest in respect of Notes in definitive form shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of interest or Coupons as the case may be, at the specified office of any Paying Agent outside the United States and its possessions (which include Puerto Rico, the US Virgin Islands, Guam, American Samoa, Wake Island, and Northern Mariana Islands) by transfer to an account denominated in the Settlement Currency with a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET2 System.

(d) *Discharge of Obligation*

(i) The holder of a Permanent Global Note or Global Certificate shall be the only person entitled to receive payments in respect of Notes represented by such Permanent Global Note or Global Certificate and, unless Physical Settlement is specified to be applicable in the relevant Pricing Supplement, the Issuer will be discharged by payment to, or to the order of, the holder of such Permanent Global Note or Global Certificate in respect of each amount so paid. Where the relevant Pricing Supplement specifies Physical Settlement, in lieu of paying the Redemption Amount the Issuer shall discharge its payment obligation in respect of the relevant Notes by delivery of the Underlying Asset Amount in accordance with the terms specified in the relevant Terms.

(ii) Each of the persons shown in the records of the relevant Clearing System as the holder of a particular nominal amount of Notes represented by such Permanent Global Note or Global Certificate must look solely to such Clearing System for its share of each payment so made. No person other than the holder of such Permanent Global Note or Global Certificate shall have any claim against the Issuer in respect of any payments or delivery of the Underlying Asset Amount due on that Permanent Global Note or Global Certificate.

(e) *Unmatured Coupons to become void*

Upon the due date for redemption of any Notes in definitive form, all unmaturing Coupons relating to such Notes (whether or not still attached) shall become void and no payment shall be made in respect of them.

(f) *Receipts*

Upon the due date for redemption of any Note in definitive form that is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.

(g) *Indemnity for missing Coupons*

Where any Note in definitive form that provides that the relative unmaturing Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmaturing Coupons, redemption shall be made only against the provision of such indemnity as the Issuer may require.

(h) *Payments Subject to Laws*

All payments are subject in all cases to any applicable fiscal and other laws, regulations and directives.

(i) Appointment of Agents

The Agents initially appointed by the Issuer and their respective specified offices are specified in the Pricing Supplement. The Agents act solely as agents of the Issuer and neither the Issuer nor any of the Agents assumes any obligation or relationship of agency or trust of a fiduciary nature for or with any Noteholder. The Issuer may at any time vary or terminate the appointment of any Agent and appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) a Registrar in relation to Registered Notes, and (iii) a Transfer Agent in relation to Registered Notes.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

(j) Non-Business Days

If any date for payment in respect of any Note or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day or to any interest or other sum in respect of such postponed payment. In this paragraph, "business day" means a day which is a Currency Business Day and, where presentation is required, a Banking Day in the relevant place of presentation.

7. Taxation

The Issuer is not liable for or otherwise obliged to pay, and the relevant Noteholder shall pay, any tax, duty, charges, withholding or other payment which may arise as a result of, or in connection with, the ownership, transfer, redemption or enforcement of any Note, including, without limitation, the payment of any Redemption Amount, Interest Amount or Instalment Amount. The Issuer shall have the right, but not the duty, to withhold or deduct from any amount payable to the Noteholder, such amount as is necessary (i) for the payment of any such taxes, duties, charges, withholdings or other payments, (ii) any withholding taxes imposed by the United States or a political subdivision thereof or (iii) for effecting reimbursement to the Issuer for any payment by it of any tax, duty, charge, withholding or other payment referred to in this General Condition. The Issuer shall not be obliged to make any payment to a Noteholder to compensate them for such withholding or deduction.

8. Prescription

Claims against the Issuer for payment in respect of the Notes shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them. For the purposes of the General Conditions, "**Relevant Date**" means, in respect of any payment, (i) the date on which such payment first becomes due and payable or (ii) if the full amount of moneys payable has not been received by the Fiscal Agent on or prior to such date, the date on which, the full amount of such moneys having been so received, notice to that effect is given to the Noteholders in accordance with General Condition 12.

9. Events of Default

If any one or more of the following events (each, an "**Event of Default**") has occurred and is continuing:

- (i) default is made in the payment on the date of any interest or principal in respect of any of the Notes, and such default continues for a period of 30 days; or
- (ii) the Issuer declares itself or becomes insolvent or enters into a general assignment or composition with or for the benefit of its creditors, or is wound up or dissolved save for a reorganisation involving the assumption by any corporation of all the Issuer's liabilities under the Notes,

then the holder of any Note may by notice in writing given to the Fiscal Agent at its specified office, declare such Note immediately due and payable as of the date on which such notice is received by the Fiscal Agent and such Note shall become redeemable at its Early Redemption Amount unless prior to the time that the Fiscal Agent receives such notice, the Issuer shall have cured or otherwise made good all relevant Events of Default in respect of the Notes.

10. Meeting of Noteholders and Modifications

- (a) **Meetings of Noteholders:** The Agency Agreement contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions. Such a meeting may be convened by Noteholders holding not less than one tenth in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any other amount payable or deliverable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Rate of Interest, Instalment Amount or Final Redemption Amount is shown hereon, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount, the Optional Redemption Amount or any other amount payable on the Notes or deliverable in respect of the Notes, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, (vii) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply or (viii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders and Couponholders (whether or not they were present at the meeting at which such resolution was passed). The holder of a Permanent Global Note or of the Notes represented by a Global Certificate shall (unless such Permanent Global Note represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a Permanent Global Note or of the Notes represented by a Global Certificate shall be treated as having one vote in respect of each minimum Specified Denomination of Notes for which such Permanent Global Note may be exchanged.

This General Condition 10(a) and the corresponding provisions of the Agency Agreement are subject to the rights of the Issuer to modify and amend the Conditions of the Notes or the Agency Agreement in each case without the consent of the Noteholders in accordance with the terms of General Condition 10(b).

- (b) **Modification:** The Issuer may from time to time modify and amend the Conditions of the Notes or the Agency Agreement, in each case without the consent of the Noteholders, in such manner as the Issuer deems necessary or desirable, if the modification or amendment:
- (i) is of a formal, minor or technical nature; or
 - (ii) is made to cure a manifest or proven error; or
 - (iii) is made to cure any ambiguity; or is made to correct or supplement any defective provisions of the Notes or the Agency Agreement (as applicable); or
 - (iv) will not materially and adversely affect the interests of the Noteholders.

Any such modification or amendment shall take effect in accordance with its terms and be binding on the holders, and shall be notified to the Noteholders in accordance with General Condition 12 as soon as practicable (but failure to give such notice, or non-receipt thereof, shall not affect the validity of such modification or amendment).

11. Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further Notes having the same terms and conditions as the Notes (so that, for the avoidance of doubt, references in the conditions of such Notes to "Issue Date" shall be to the first issue date of the Notes) and so that the same shall be consolidated and form a single series with such Notes, and references in these Conditions to "Notes" shall be construed accordingly.

12. Notices

So long as any Notes are held in or on behalf of a Clearing System, notices to the holders of such Notes may be given by delivery of the relevant notice to that Clearing System for communication by it to entitled accountholders. Notices to the holders of Notes may also be given by publication in the newspaper specified in the Pricing Supplement or such other leading newspaper of general circulation as the Issuer may determine. Any such notice shall be deemed to have been given on the weekday following such delivery or, where notices are so published, on the date of such publication or, if published more than once or on different dates, on the date of the first such publication.

Notices to be given by a Noteholder shall be in writing and given by being lodged with an Agent. Where Notes are held in or on behalf of a Clearing System, such notices may be given by the holder of a Note through the relevant Clearing System in such manner as the relevant Clearing System may approve for this purpose together with confirmation from the Clearing System of the Noteholder's holding of Notes.

Where Notes are held in or on behalf of a Clearing System but such Clearing System does not permit notices to be sent through it, such notices may be given by the relevant Noteholder in writing by being lodged with an Agent, subject to the Noteholder providing evidence from the Clearing System satisfactory to the Issuer of the Noteholder's holding of Notes.

Couponholders shall be deemed for all purposes to have notice of the contents of any Notice given to the Noteholders.

13. Calculations and Determinations

Neither the Issuer nor the Calculation Agent shall have any responsibility for good faith errors or omissions in their calculations and determinations as provided in the Conditions, whether caused by negligence or otherwise. The calculations and determinations of the Issuer or Calculation Agent shall be made in accordance with the Conditions having regard in each case to the criteria stipulated herein and (where relevant) on the basis of information provided to or obtained by employees or officers of the Issuer or Calculation Agent responsible for making the relevant calculation or determination and shall, in the absence of manifest error, be final, conclusive and binding on Noteholders or Couponholders.

14. Substitution of the Issuer

The Issuer, or any previously substituted company, may at any time, without the consent of the Noteholders or Couponholders, substitute for itself as principal obligor under the Notes any company (the "**Substitute**"), being any Affiliate of the Issuer or another company with which it consolidates, into which it merges or to which it sells, leases, transfers or conveys all or substantially all its property, subject to:

- (i) where the Substitute is an Affiliate of the Issuer, the Substitute having a long-term unsecured debt rating equal to or higher than that of the Issuer given by Moody's Investors Service, Inc. (or an equivalent rating from another internationally recognised rating agency) or having the benefit of a guarantee from the Issuer or another Affiliate of the Issuer with such a debt rating;
- (ii) all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Notes represent legal, valid and binding obligations of the Notes having been taken, fulfilled and done and being in full force and effect;
- (iii) the Issuer shall have received an opinion of counsel concluding that payments on the Notes will not be subject to US withholding tax (other than US withholding tax that can be avoided by

satisfying certain identification and certification requirements). Any such opinion shall be in form and substance satisfactory to the Issuer in its sole and absolute discretion and from counsel chosen by the Issuer, and shall not be addressed or delivered to, and may not be relied upon, by the Holders or any other party; and

- (iv) the Issuer shall have given at least 30 days' prior notice of the date of such substitution to the Noteholders in accordance with General Condition 12.

In the event of any substitution of the Issuer, any reference in the Conditions to the Issuer shall thenceforth be construed as a reference to the Substitute.

"Affiliate" means any entity controlled, directly or indirectly by the Issuer, any entity that controls, directly or indirectly, the Issuer and any entity under common control with the Issuer.

The Issuer shall also have the right upon notice to Noteholders in accordance with General Condition 12 to change the office through which it is acting for the purpose of the Securities, the date of such change to be specified in such notice provided that no change can take place prior to the giving of such notice.

The Issuer may not be substituted unless the Issuer receives an opinion of counsel concluding that payments on the Notes will not be subject to US withholding tax (other than US withholding tax that can be avoided by satisfying certain identification and certification requirements).

15. **Third Parties**

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999 except and to the extent (if any) that the Notes expressly provide for such Act to apply to any of their terms.

16. **Miscellaneous Definitions**

References to **"AUD"** are to Australian dollars, references to **"CAN"** are to Canadian dollars, references to **"DKr"** are to Danish Krone, references to **"EUR"** and **"€"** are to euro, references to **"GBP"** and **"£"** are to pounds sterling, references to **"HK\$"** and **"HKD"** are to Hong Kong dollars, references to **"JPY"** and **"¥"** are to Japanese yen, references to **"Nkr"** and **"NOK"** are to Norwegian Kroner, references to **"SKr"** and **"SEK"** are to Swedish Kronor, references to **"CHF"** and **"Sfr"** are to Swiss Francs, references to **"SGD"** and **"S\$"** are to Singapore dollars and references to **"USD"** and **"U.S.\$"** are to United States dollars.

"Banking Day" means, in respect of any city, a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in such city.

"Currency Business Day" means a day which is a Banking Day in the Financial Centre(s), if any (as specified in the relevant Pricing Supplement), and on which (unless the Settlement Currency is euro) commercial banks and foreign exchange markets are generally open to settle payments in the city or cities determined by the Issuer to be the principal financial centre(s) for the Settlement Currency, and if the Settlement Currency is euro, which is also a TARGET Business Day.

"Financial Centre" means each of the places so specified in the Pricing Supplement.

"Settlement Currency" means the currency in which a payment is to be made.

"TARGET Business Day" means a day on which the TARGET2 System or any successor thereto is operating.

17. **Governing Law and Jurisdiction**

The Agency Agreement and the Notes and any non-contractual matters arising out of or in connection with the Agency Agreement and the Notes are governed by, and shall be construed in accordance with, English law.

The Issuer irrevocably agrees for the exclusive benefit of the Noteholders that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes (including their formation) and that accordingly any suit, action or proceedings arising out of or in connection therewith (together referred to as "**Proceedings**") may be brought in the courts of England.

The Issuer irrevocably and unconditionally waives and agrees not to raise any objection which it may have now or subsequently to the laying of the venue of any Proceedings in the courts of England and any claim that any Proceedings have been brought in an inconvenient forum and irrevocably and unconditionally agrees that a judgment in any Proceedings brought in the courts of England shall be conclusive and binding upon the Issuer and may be enforced in the courts of any other jurisdiction. Nothing in this General Condition 17 shall limit any right to take Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

FORM OF PRICING SUPPLEMENT FOR NOTES

The following is the pro forma pricing supplement for general issues of Notes under the Programme.

[Credit Suisse AG, acting through its London Branch / Credit Suisse International]

This Pricing Supplement is supplemental to the Programme Memorandum dated 17 June 2011 relating to the Unlisted Securities Programme of Credit Suisse AG, acting through its London Branch and Credit Suisse International (whichever is specified to be the Issuer in this Pricing Supplement, the "**Issuer**").

[TITLE OF ISSUE]

Issue Price: [●]

Pricing Supplement dated [●]

This Pricing Supplement is supplemental to, and should be read and construed in conjunction with, the Programme Memorandum[, the relevant Product Supplement(s) *delete if not applicable; specify if applicable*] and all [other] documents which are incorporated by reference therein.

Terms defined in the Programme Memorandum have the same meaning in this Pricing Supplement.

In the event of any inconsistency between the Pricing Supplement Terms and the General Conditions or the Product Terms, the Pricing Supplement Terms will prevail.

[References to [CURRENCY SYMBOL] are to [SPECIFY CURRENCY].] ¹

¹ Delete if the relevant currency is referenced in General Condition 16.

INVESTMENT CONSIDERATIONS

[INSERT CONSIDERATIONS SPECIFIC TO ISSUE]

Except as set out below, the Notes will be subject to the General Conditions set out in the Programme Memorandum and the following Pricing Supplement Terms:

Not Applicable means an item is not applicable at the date of this Pricing Supplement, subject to amendment as provided in the Conditions. Italics in the left column denote a brief explanation of the Pricing Supplement Terms. Words in italics do not form any part of the Pricing Supplement Terms.

- | | | |
|-----|--|--|
| 1. | Issuer: | [Credit Suisse AG, acting through its London Branch / Credit Suisse International] |
| 2. | Series Number: | [●] |
| 3. | Tranche Number | |
| | <i>(If fungible with an existing Series, details of that series, including the date on which the Notes become fungible).</i> | [●]/Not Applicable |
| 4. | Specified Currency or Currencies: | [●] |
| 5. | Aggregate Nominal Amount | |
| | (i) Series: | [●] |
| | (ii) Tranche: | [●] |
| 6. | Issue Price: | [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from <i>[insert date]</i> (<i>in the case of fungible issues only, if applicable</i>)] |
| 7. | Specified Denominations: | [●] |
| 8. | Issue Date: | [●] |
| 9. | Interest Commencement Date | |
| | <i>(if different from the Issue Date):</i> | [●] |
| 10. | Maturity Date: | [●] [specify date for Fixed Rate or Zero Coupon Notes] or (for Floating Rate Notes) Interest Payment Date falling in [●] [specify the relevant month and year] ² |
| 11. | Interest Basis: | [Fixed Rate]

[Floating Rate]

[Zero Coupon]

[Currency/Equity/Index/Other Variable-linked]

[Other (<i>specify</i>)]

(further particulars specified below) |
| 12. | Redemption/Payment Basis: | [Redemption at par]

[Partly Paid] |

² The Maturity Date shall not be scheduled to fall after 31 December 2012.

- [Instalment]
- [Currency/Equity/Index/Other Variable-linked]
- [Other (*specify*)]
13. Change of Redemption/Payment Basis: [●] [*Specify details of any provision for convertibility of Notes into another redemption/payment basis*] Not Applicable
14. Put/Call Options: [Put]
- [Call]
- [(further particulars specified below)]
- PROVISIONS RELATING TO INTEREST**
15. **Fixed Rate Notes Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate [(s)] of Interest: [●] per cent. per annum [payable [annually/semi-annually/quarterly/ monthly] in arrear]
- (ii) Interest Payment Date(s): [●] in each year
- (iii) Fixed Coupon Amount [(s)]: [●] per [●] in nominal amount
- (iv) Broken Amount: [*Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount(s) and the Interest Payment Date(s) to which they relate*]
- (v) Day Count Fraction (General Condition 4(j)):
- [Actual/Actual]
- Actual/Actual - ISDA
- Actual/365 (Fixed)
- Actual/360
- 30/360
- 360/360 / Bond Basis
- 30E/360 / Eurobond Basis
- 30E/360 (ISDA)
- Actual/Actual – ICMA]
- (vi) Determination Date(s): [●] [*Insert day(s) and month(s) on which interest is normally paid (if more than one, then insert such dates in the alternative)*] in each year.³

³ Only to be completed for an issue where Day Count Fraction is Actual/Actual-ISMA.

- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/*give details*]
16. **Floating Rate Provisions** [Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph.*)
- (i) Specified Period(s)/Specified Interest Payment Dates: [●]
- (ii) Business Day Convention: [Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/Other (*give details*)]
- (iii) Additional Business Centre(s) (General Condition 4(j)): [●]
- (iv) Interest Period Date(s): [Not Applicable/specify dates]
[●]
- (v) ISDA Determination:
- Floating Rate Option: [●]
 - Designated Maturity: [●]
 - Reset Date: [●]
 - ISDA Definitions: (if different from those set out in the Conditions) [●]
- (vi) Margin(s): [+/-] [●] per cent. per annum
- (vii) Minimum Rate of Interest: [●]per cent. per annum
- (ix) Day Count Fraction (General Condition 4(j)):
- Actual/Actual
 - Actual/Actual – ISDA
 - Actual/365 (Fixed)
 - Actual/360
 - 30/360
 - 360/360 / Bond Basis
 - 30E/360 / Eurobond Basis
 - 30E/360 (ISDA)
 - Actual/Actual – ICMA]
- (x) Rate Multiplier: [●]
- (xi) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of

calculating interest on Floating Rate Notes, if different from those set out in the Conditions:

17. **Variable Rate Note Provisions** [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate[(s)] of Interest: [●]
- (ii) Additional Business Centre(s) (General Condition 4(j)) [●]
- (iii) Interest Payment Date(s): [●] in each year
- (iv) Interest Determination Date: [The date falling [●] Business Days prior to the Interest Payment Date for each Interest Period/The date falling [●] Business Days prior to the beginning of each Interest Period/Other (*specify*)]
- (v) Day Count Fraction (General Condition 4(j)):
- [Actual/Actual
Actual/Actual ISDA
Actual 365 (Fixed)
Actual/360
30/360
360/360 / Bond Basis
30E/360 / Eurobond Basis
30E/360 (ISDA)
Actual/Actual ICMA]
- (vi) Determination Date(s): [●] [*Insert day(s) and month(s) on which interest is normally paid (if more than one, then insert such dates in the alternative)*] in ea
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Available/*give details*]
18. **Zero Coupon Note Provisions** [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Amortisation Yield (General Condition 5(b)): [●] per cent. per annum
- (ii) Day Count Fraction (General Condition 4(j)):
- [Actual/Actual
Actual/Actual - ISDA
Actual/365 (Fixed)
Actual/360
30/360]

360/360 / Bond Basis

30E/360 /Eurobond Basis

30E/360 (ISDA)

Actual/Actual - ICMA]

- (iii) Any other formula/basis of determining amount payable: [Not Applicable/*give details*]

PROVISIONS RELATING TO REDEMPTION

19. Final Redemption Amount The Final Redemption Amount in respect of each Note will be [●] [*set out formula and related definitions for calculating the Final Redemption Amount*]/[Nominal amount/Other (*specify*)]/as set out in the Schedule hereto]
20. Early Redemption Amount
- Early Redemption Amount(s) payable on redemption for illegality reasons (General Condition 5(c)) or an event of default (General Condition 9) and/or the method of calculating the same (if required or if different from that set out in the General Conditions): [As set out in Conditions/Other (*specify*)]
21. Call Option [Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
- (i) Optional Redemption Date(s): [●]
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [●]
- (iii) If redeemable in part:
- (a) Minimum nominal amount to be redeemed: [●]
- (b) Maximum nominal amount to be redeemed: [●]
- (iv) Option Exercise Date(s): [●]
- (v) Description of any other Bank's option: [●]
- (vi) Notice period (if other than as set out in the Conditions): [●]
22. Put Option [Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
- (i) Optional Redemption Date(s): [●]
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such

amount(s):

- (iii) Option Exercise Date(s):
- (iv) Description of any other Noteholders' option:
- (v) Notice period (if other than as set out in the Conditions):
23. Settlement Currency (The Specified Currency/)
(The currency in which the Final Redemption Amount will be paid)
24. Physical Settlement [Applicable/Not Applicable]
25. Underlying Asset(s): [Specify]
- GENERAL PROVISIONS**
26. Form of Notes: [Bearer Notes/Registered Notes]
Permanent Global Note which is exchangeable for Notes in definitive form at the option of a holder
27. Financial Centre(s) (General Condition 6(f) (and definition of "Currency Business Day" in General Condition 16)) or other special provisions relating to payment dates: [Not Applicable/Give details. Note that this item relates to the place of payment, and not interest period end dates, to which item 16(iii) relates]
28. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Bank to forfeit the Notes and interest due on late payment: [Not Applicable/give details]
29. Details relating to Instalment Notes: [Not Applicable/give details]
- (i) Instalment Amount(s):
- (ii) Instalment Date(s):
- (iii) Minimum Instalment Amount:
- (iv) Maximum Instalment Amount:
30. Security Codes and Ticker Symbols
ISIN: [Not Applicable]
Common Code: [Not Applicable]
31. Clearing and Trading
Clearing System(s): [Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme, Luxembourg] [Other]

- Tradeable Amount: [●]
32. Delivery: Delivery [against/free of] payment
33. Calculation Agent: [Credit Suisse International] [Other]
34. The Agents appointed in respect of the Notes are: Fiscal Agent:
[Citi]
Paying Agent:
[Citi]
Transfer Agent:
[Citi]
Registrar:
[Citi]
Delivery Agent:
[Credit Suisse International]
[Delete or add additional agents as appropriate]
35. Dealer(s): [Credit Suisse (Securities) Europe Limited] [Credit Suisse International] [Other]
36. Additional steps that may only be taken following approval by Extraordinary Resolution in accordance with General Condition 9(a): [Not Applicable/give details]
37. Additional Provisions: [Not Applicable/give details]

Signed on behalf of the Issuer:

By: _____

Duly authorised

By: _____

Duly authorised

ADDITIONAL SELLING RESTRICTIONS

[If applicable]

TAXATION PROVISIONS

[If desired or relevant]

SCHEDULE

[If desired or relevant in respect of share linked Notes]

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Initial Issue of Securities

Permanent Global Notes are issued in 'Classic Global Note' (CGN) form. Upon the initial deposit of a Permanent Global Note with a common depository for the Clearing Systems (the "**Common Depository**") or registration of Registered Notes in the name of any nominee for the Clearing Systems and delivery of the relevant Global Certificate to the Common Depository, the Clearing Systems will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

Notes that are initially deposited with the Common Depository may also be credited to the accounts of subscribers with (if indicated in the relevant Pricing Supplement) other clearing systems through direct or indirect accounts with the Clearing Systems held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with the Clearing Systems or other clearing systems.

Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of the Clearing Systems or any other clearing system as the holder of a Note represented by a Permanent Global Note or a Global Certificate must look solely to the Clearing Systems or such clearing system (as the case may be) for his share of each payment made by the Issuer to the bearer of such Permanent Global Note or the holder of the underlying Registered Notes as the case may be, and in relation to all other rights arising under the Permanent Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of the Clearing Systems or such clearing system (as the case may be). No person other than the holder of such Permanent Global Note or Global Certificate shall have a claim directly against the relevant Issuer in respect of payments or delivery due on the Notes for so long as the Notes are represented by such Permanent Global Note or Global Certificate and such obligations of the Issuer will be discharged by (i) payment to the bearer of such Permanent Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid or, (ii) where Physical Settlement is specified to be applicable in the relevant Pricing Supplement, delivery of the Underlying Asset Amount in accordance with the terms specified in the relevant Terms.

So long as the Notes are represented by a Permanent Global Note or Global Certificate and the relevant clearing system(s) so permit, the Notes shall be tradeable only in principal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination) provided hereon and integral multiples of the Tradeable Amount in excess thereof provided in the relevant Pricing Supplement.

Exchange

Each Permanent Global Note with an original maturity of more than 183 days will be exchangeable, free of charge, in whole but not in part, on or after the due date for exchange, for Notes in definitive form, if requested by the holder on behalf of the beneficial owner of interests in the Permanent Global Note.

Global Certificates in respect of Registered Notes

If the Notes are held in a Clearing System and are represented by a Global Certificate, the following will apply in respect of transfers of such Registered Notes. These provisions will not prevent the trading of interests in the Notes within a Clearing System (which will be subject to the rules and procedures of the relevant Clearing System), but will limit the circumstances in which the Notes may be withdrawn from the relevant Clearing System.

Transfers of the holding of Notes represented by any Global Certificate pursuant to General Condition 2 may only be made in part:

- (i) if the relevant Clearing System is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
- (ii) if principal in respect of any Notes is not paid when due; or
- (iii) with the consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to (i) or (ii) above, the person in whose name the Notes are registered has given the Registrar not less than 30 days' notice at its specified office of its intention to effect such transfer.

Deed of Covenant

Under the Deed of Covenant the Issuer has covenanted in favour of the Noteholders from time to time that if principal in respect of any Notes is not paid when due, it will make payment of the unpaid amounts in respect of the Notes to the relevant Clearing Systems for crediting to the accounts of the relevant Noteholders in accordance with the rules and procedures of the relevant Clearing System.

GENERAL TERMS AND CONDITIONS OF THE CERTIFICATES

The following is the text of the general terms and conditions which, subject to the provisions of (if any) the relevant Product Supplement and Pricing Supplement, will apply to the Certificates. References in the Conditions to "Certificates" are to the Certificates of one Series only, not to all Certificates that may be issued under the Programme. Definitions used in these General Terms and Conditions of the Certificates shall not apply to any other General Terms and Conditions contained in this Programme Memorandum.

In relation to the Certificates, Credit Suisse AG, acting through its London Branch ("**CS**") and Credit Suisse International ("**CSI**") have executed an Agency Agreement dated 1 July 2010 (as may be amended and/or restated and/or supplemented from time to time, the "**Agency Agreement**") with Citibank Europe plc, as principal certificate agent (the "**Principal Certificate Agent**", which expression shall include, wherever the context so admits, any successor principal certificate agent), and the other agents named therein. The Certificateholders (as defined in General Condition 1) are deemed to have notice of all the provisions of the Agency Agreement applicable to them. CS has executed a general deed of covenant by deed poll dated 19 November 2009, and CSI has executed a general deed of covenant by deed poll dated 1 July 2010 (as amended and/or supplemented as at the Issue Date) (each a "**Deed of Covenant**") in favour of Certificateholders from time to time in respect of Certificates issued from time to time under the Programme under which it has agreed to comply with the terms of all such Certificates. Whichever of CS or CSI is specified in the relevant Pricing Supplement to be the Issuer is the "**Issuer**". Copies of the Agency Agreement (including the form of global certificate referred to below) and the relevant Issuer's Deed of Covenant are, and, so long as any Certificate remains outstanding, will be available for inspection during normal business hours at the specified office of the Principal Certificate Agent.

In these general terms and conditions (the "**General Conditions**" and together with the Terms, as defined below, the "**Conditions**"), references to the "**Central Clearing System(s)**" are to Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"); references to "**National Clearing System(s)**" are to such other clearing systems (if any) as may be specified in the relevant Pricing Supplement or notified to Certificateholders in accordance with General Condition 8; and references to a "**Clearing System**" shall be to a Central Clearing System or a National Clearing System, as the case may be, and shall include its respective successors and assigns.

The amount payable or deliverable on the Certificates may be linked to one or more "**Underlying Asset(s)**" as shall be specified in the relevant Pricing Supplement.

The Certificates of any series (a "**Series**") and of any tranche (a "**Tranche**") comprising, together with another Tranche or other Tranches, a Series, are subject to these General Conditions, as modified and/or supplemented by the terms of (if any) the relevant product supplement (each a "**Product Supplement**") relating to the relevant Certificates (the "**Product Terms**") and the terms of the relevant Pricing Supplement (each a "**Pricing Supplement**") relating to the relevant Certificates (the "**Pricing Supplement Terms**") and together with the Product Terms (if any), the "**Terms**"). The relevant Pricing Supplement will be appended to the global certificate representing the relevant Certificates (the "**Global Certificate**"). For the avoidance of doubt, a Product Supplement may not be prepared in respect of some or all of the Certificates, in which case all references in these General Conditions in relation to such Certificates to "Product Supplement" and "Product Terms" shall be disregarded.

Expressions used herein and not defined shall have the meaning given to them in the relevant Terms. In the event of any inconsistency between the General Conditions and (if any) the Product Terms, the Product Terms will prevail. In the event of any inconsistency between the Pricing Supplement Terms, the General Conditions and (if any) the Product Terms, the Pricing Supplement Terms will prevail. Reference to "**Conditions**" are to the General Conditions as supplemented or amended by (if any) the Product Terms and the Pricing Supplement Terms.

1. Form, Title and Transfer

(a) Form

The Certificates shall be represented at all times by the Global Certificate deposited outside the United Kingdom with a common depository for the Central Clearing Systems. Certificates in definitive form shall not be issued.

(b) *Title*

Each person for the time being appearing in the books of the relevant Clearing System(s) as the holder of a Certificate (other than one Clearing System to the extent that it appears on the books of another Clearing System) or such other person as may be specified as a Certificateholder in the relevant Pricing Supplement, shall be treated for all purposes by the Issuer, the Certificate Agents and the relevant Clearing System(s) as the holder thereof, notwithstanding any notice to the contrary (each such person being referred to herein as a "**holder**" or "**Certificateholder**").

(c) *Transfer*

Transfers of Certificates may be effected only in integral multiples of the Minimum Transferable Number of Certificates and (i) in the case of Certificates held through a relevant Clearing System, through such relevant Clearing System and (ii) as otherwise specified in the relevant Pricing Supplement. Title will pass upon registration of the transfer in the books of such relevant Clearing System, or as otherwise specified in the relevant Pricing Supplement.

2. Status

The Certificates are unsubordinated and unsecured obligations of the Issuer and rank *pari passu* and rateably without any preference among themselves and equally with all other unsubordinated and unsecured obligations of the Issuer from time to time outstanding (other than obligations preferred by mandatory operation of law).

3. Redemption and Payment

(a) *Payments on the Redemption Date*

Subject as provided in paragraph (d) below, the Issuer will (subject to General Condition 9) pay or cause to be paid on the Redemption Date the Redemption Amount in respect of each Certificate to the relevant Clearing System for credit to the Certificateholder's account for value on the Redemption Date. The Redemption Amount will be calculated as set out in the relevant Terms.

(b) *Interim payments*

In addition, if so specified in the relevant Pricing Supplement, the Issuer will pay or cause to be paid on such dates as may be specified therein such amounts as may be specified or determined in accordance with the provisions of such Pricing Supplement ("**Interim Payments**"). Such payments shall be made in the manner set out in paragraph (a) above.

(c) *Payment subject to applicable laws etc.*

Payment by the Issuer of any Redemption Amount or Interim Payment will be subject in all cases to all applicable fiscal and other laws, regulations and practices in force at the relevant time (including, without limitation, any relevant exchange control laws or regulations and the rules and procedures of the relevant Clearing System) and neither the Issuer nor any Certificate Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated after using all reasonable efforts, as a result of any such laws, regulations and practices. Neither the Issuer nor any Certificate Agent shall under any circumstances be liable for any acts or defaults of any Clearing System in the performance of its duties in relation to the Certificates.

(d) **Physical Settlement**

Where Physical Settlement is specified to be applicable in the relevant Pricing Supplement, subject to any conditions specified in the relevant Pricing Supplement, in lieu of paying the Redemption Amount, the Issuer shall discharge its payment obligation by delivery of the Underlying Asset Amount in accordance with the terms specified in the relevant Terms. For such purpose, "**Underlying Asset Amount**" means in relation to a Tranche, the amount of

Underlying Asset(s) as specified in the relevant Pricing Supplement, which may be delivered by the Delivery Agent on behalf of the relevant Issuer on the date specified in the relevant Pricing Supplement.

4. **Illegality**

The Issuer may terminate the Certificates if it has determined in good faith that the performance of its obligations thereunder or that any arrangement made to hedge its obligations thereunder has or will become unlawful, illegal or otherwise prohibited in whole or in part as a result of compliance by the Issuer with any applicable present or future law, rule, regulation, judgement, order or directive of any governmental, administrative, legislative or judicial authority or power, or any change in the interpretation thereof ("**applicable law**"). In such circumstances, the Issuer shall, however, if and to the extent permitted by applicable law, pay or cause to be paid to the account of the relevant Clearing System (or to the account of the relevant Certificateholders in such other manner as may be permitted by applicable law) in respect of each Certificate held by such Certificateholder an amount determined by the Issuer as representing the fair market value of such Certificate immediately prior to such termination (ignoring such unlawfulness, illegality or, as the case may be, other prohibition). Payment shall be made through the relevant Clearing System only and in such manner as shall be notified to the Certificateholders in accordance with the Conditions.

5. **Purchases by the Issuer**

The Issuer, any subsidiary and/or any Affiliate of the Issuer may at any time purchase Certificates at any price in the open market or by tender or private treaty. Any Certificates so purchased may be held or resold or surrendered for cancellation.

Reference to "Affiliate" includes any entity controlled, directly or indirectly, by the Issuer, any entity that controls, directly or indirectly, the Issuer and any entity under common control with the Issuer. As used herein, "control" means ownership of a majority of the voting power of the entity or, as the case may be, the Issuer and "controlled by" and "controls" shall be construed accordingly.

6. **Certificate Agents**

The Issuer reserves the right at any time to vary or terminate the appointment of any of the agents whose duties in relation to the Certificates are listed in the Agency Agreement (the "**Certificate Agents**"), provided that so long as any Certificate is outstanding, there shall be a Principal Certificate Agent. Notice of any termination of appointment and of any changes in the specified office of any of the Certificate Agents shall be given to Certificateholders in accordance with the Conditions. In acting under the Agency Agreement, the Certificate Agents shall act solely as agents of the Issuer and shall not assume any obligation or duty to or any relationship of agency or trust for or with, the Certificateholders.

7. **Further issues**

The Issuer may from time to time without the consent of the Certificateholders create and issue further certificates, so as to form a single issue with the Certificates, pursuant to a supplemental global certificate or by endorsement to the Global Certificate.

8. **Notices**

So long as any Certificates are held in or on behalf of a Clearing System, notices to the holders of such Certificates may be given by delivery of the relevant notice to that Clearing System for communication by it to entitled accountholders. Notices to the holders of Certificates may also be given by publication in the newspaper specified in the Pricing Supplement or such other leading newspaper of general circulation as the Issuer may determine. Any such notice shall be deemed to have been given on the weekday following such delivery or, where notices are so published, on the date of such publication or, if published more than once or on different dates, on the date of the first such publication.

Notices to be given by a Certificateholder shall (in the case of a Certificate not held in or on behalf of a Clearing System) be in writing and given by being lodged with a Certificate Agent. Where Certificates are held in or on behalf of a Clearing System, such notices may be given by the holder of a Certificate

through the relevant Clearing System in such manner as the relevant Clearing System may approve for this purpose together with confirmation from the Clearing System of the Certificateholder's holding of Certificates.

Where Certificates are held in or on behalf of a Clearing System but such Clearing System does not permit notices to be sent through it, such notices may be given by the relevant Certificateholder in writing by being lodged with a Certificate Agent, subject to the Certificateholder providing evidence from the Clearing System satisfactory to the Issuer of the Certificateholder's holding of Certificates.

9. Certificateholder Early Redemption Procedure

This General Condition only applies to Certificates in respect of which the relevant Terms specifies that Certificateholder Early Redemption is applicable.

(a) *Certificateholder Early Redemption Entitlement*

If the relevant Terms specifies that Certificateholder Early Redemption is applicable, a Certificateholder may require the Issuer to redeem Certificates held by such Certificateholder on a Certificateholder Early Redemption Notification Date (as specified in the relevant Terms) by payment from the Issuer on the relevant Redemption Date of the relevant Certificateholder Early Redemption Amount, provided that (unless otherwise specified in the relevant Terms) the relevant Redemption Date shall not fall less than 15 calendar days after the Certificateholder Early Redemption Notification Date.

(b) *Certificateholder Early Redemption*

To redeem Certificates early, a duly completed Certificateholder early redemption notice in the form and with the content prescribed by the relevant Clearing System through which the relevant Certificateholder redeems early its Certificates (a "**Certificateholder Early Redemption Notice**") must be delivered to that relevant Clearing System and a copy sent for information purposes to the Principal Certificate Agent or any additional or such other Certificate Agent as may be specified for such purpose in the relevant Terms on or prior to the Cut-off Time on any day that is a Certificateholder Early Redemption Notification Date (as specified in the relevant Terms).

"**Cut-off Time**" means in respect of the relevant Clearing System through which the relevant Certificate is held 9.00 a.m. (London time) or such other time or times as the Issuer may determine to be necessary in accordance with the operational procedures of the relevant Clearing System and notify to the Certificateholders in accordance with General Condition 8.

A Certificateholder Early Redemption Notice delivered after the relevant Cut-off Time the Certificateholder Early Redemption Notification Date shall be void.

Each Certificateholder Early Redemption Notice shall be deemed to constitute an irrevocable election and undertaking by the holder of the number of Certificates specified in it to redeem early such Certificates.

Failure to send a copy of the Certificateholder Early Redemption Notice to any relevant Certificate Agent will not affect the validity of the Certificateholder Early Redemption Notice and, in the case of any discrepancy between the Certificateholder Early Redemption Notice delivered to the relevant Clearing System and such copy, the terms of the Certificateholder Early Redemption Notice sent to the relevant Clearing System shall prevail.

(c) *Verification*

In accordance with its normal operating procedures, the relevant Clearing System is expected to verify that, according to its records, each person redeeming Certificates has Certificates in the amount being redeemed in its securities account with the relevant Clearing System on the Certificateholder Early Redemption Notification Date. If the relevant Clearing System determines that a Certificateholder Early Redemption Notice is improperly completed or the Clearing System determines that the relevant Certificateholder has insufficient Certificates in

the Clearing System account(s) specified on the Certificateholder Early Redemption Notification Date, the Certificateholder Early Redemption Notice will be treated as void.

(d) *Notification of Principal Certificate Agent*

The relevant Central Clearing System is expected to notify the Principal Certificate Agent, in accordance with its normal operating procedures, of (i) the number and details of Certificates being redeemed early, and (ii) details of the account to which the relevant Redemption Amount is to be credited. If the Central Clearing System fails so to notify the Principal Certificate Agent the Certificateholder Early Redemption Notice shall be void unless the Central Clearing System so notifies the Principal Certificate Agent by 12.00 noon (London time) on the third Exchange Business Day after the Certificateholder Early Redemption Notification Date.

(e) *Debit of Certificateholder's Account*

The relevant Clearing System is expected on the relevant Redemption Date, in accordance with its normal operating procedures, to debit the relevant account of the Certificateholder with the Certificate(s) being redeemed early.

(f) *Certificateholder Early Redemption subject to applicable laws etc.*

Early redemption of the Certificates and payment by the Issuer of any Certificateholder Early Redemption Amount will be subject in all cases to all applicable fiscal and other laws, regulations and practices in force at the relevant time (including, without limitation, any relevant exchange control laws or regulations and the rules and procedures of the relevant Clearing System) and neither the Issuer nor any Certificate Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated after using all reasonable efforts, as a result of any such laws, regulations and practices. Neither the Issuer nor any Certificate Agent shall under any circumstances be liable for any acts or defaults of any Clearing System in the performance of its duties in relation to the Certificates.

(g) *Determinations*

Any determination as to whether a Certificateholder Early Redemption Notice is duly completed and in proper form shall be made by the relevant Clearing System, and shall be conclusive and binding on the Issuer, the Certificate Agents and the relevant Certificateholder.

(h) *Effect of Certificateholder Early Redemption Notice*

Delivery of a Certificateholder Early Redemption Notice shall constitute an irrevocable election and undertaking by the Certificateholder to redeem early the Certificates specified therein, provided that the person redeeming early and delivering such Certificateholder Early Redemption Notice is the person then appearing in the books of the relevant Clearing System as the holder of the relevant Certificates. If the person redeeming early and delivering the Certificateholder Early Redemption Notice is not the person so appearing, such Certificateholder Early Redemption Notice shall for all purposes be void.

After the delivery of a Certificateholder Early Redemption Notice (other than a Certificateholder Early Redemption Notice which shall have become void) the Certificateholder specified in such Certificateholder Early Redemption Notice may not otherwise transfer such Certificates. Notwithstanding this, if any Certificateholder does so transfer or attempts to transfer such Certificates, the Certificateholder will be liable to the Issuer for any losses, costs and expenses suffered or incurred by the Issuer including those suffered or incurred as a consequence of it having terminated any related hedging operations in reliance on the relevant Certificateholder Early Redemption Notice and subsequently (i) entering into replacement hedging operations in respect of such Certificates or (ii) paying any amount on the subsequent early redemption of such Certificates without having entered into any replacement hedging operations.

10. Calculations and Determinations

Neither the Issuer nor the Calculation Agent (if any) shall have any responsibility for good faith errors or omissions in their calculations and determinations as provided in the Conditions, whether caused by negligence or otherwise. The calculations and determinations of the Issuer or Calculation Agent (if any) shall be made in accordance with the Conditions having regard in each case to the criteria stipulated herein and (where relevant) on the basis of information provided to or obtained by employees or officers of the Issuer or Calculation Agent (if any) responsible for making the relevant calculation or determination and shall, in the absence of manifest error, be final, conclusive and binding on Certificateholders.

11. Taxation

The Issuer is not liable for or otherwise obliged to pay, and the relevant Certificateholder shall pay, any tax, duty, charges, withholding or other payment which may arise as a result of, or in connection with, the ownership, transfer, redemption or enforcement of any Certificate, including, without limitation, the payment of any Redemption Amount or Interim Payment. The Issuer shall have the right, but not the duty, to withhold or deduct from any amount payable to the Certificateholder, such amount as is necessary (i) for the payment of any such taxes, duties, charges, withholdings or other payments, (ii) any withholding taxes imposed by the United States or a political subdivision thereof or (iii) for effecting reimbursement to the Issuer for any payment by it of any tax, duty, charge, withholding or other payment referred to in this General Condition. The Issuer shall not be obliged to make any payment to a Certificateholder to compensate them for such withholding or deduction.

12. Modification

The Issuer may from time to time modify and amend the Conditions of the Certificates or the Agency Agreement, in each case without the consent of the Certificateholders, in such manner as the Issuer deems necessary or desirable, if the modification or amendment:

- (i) is of a formal, minor or technical nature; or
- (ii) is made to cure a manifest or proven error; or
- (iii) is made to cure any ambiguity; or is made to correct or supplement any defective provisions of the Certificates or the Agency Agreement (as applicable); or
- (iv) will not materially and adversely affect the interests of the Certificateholders.

Any such modification or amendment shall take effect in accordance with its terms and be binding on the holders, and shall be notified to the Certificateholders in accordance with General Condition 8 as soon as practicable (but failure to give such notice, or non-receipt thereof, shall not affect the validity of such modification or amendment).

13. Substitution of the Issuer

The Issuer, or any previous substituted company, may at any time, without the consent of the Certificateholders, substitute for itself as principal obligor under the Certificates any company (the "**Substitute**"), being any Affiliate of the Issuer or another company with which it consolidates, into which it merges or to which it sells, leases, transfers or conveys all or substantially all its property, subject to:

- (i) where the Substitute is an Affiliate of the Issuer, the Substitute having a long-term unsecured debt rating equal to or higher than that of the Issuer given by Moody's Investors Service, Inc. (or an equivalent rating from another internationally recognised rating agency) or having the benefit of a guarantee from the Issuer or another Affiliate of the Issuer with such a debt rating;
- (ii) all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Certificates represent legal, valid and binding obligations of the Substitute having been taken, fulfilled and done and being in full force and effect;

- (iii) the Issuer shall have given at least 30 days' prior notice of the date of such substitution to the Certificateholders in accordance with General Condition 8.

In the event of any substitution of the Issuer, any reference in the Conditions to the Issuer shall thenceforth be construed as a reference to the Substitute.

"**Affiliate**" means any entity controlled, directly or indirectly by the Issuer, any entity that controls, directly or indirectly, the Issuer and any entity under common control with the Issuer.

The Issuer shall also have the right upon notice to Certificateholders in accordance with General Condition 8 to change the office through which it is acting for the purpose of the Certificates, the date of such change to be specified in such notice provided that no change can take place prior to the giving of such notice.

The Issuer shall have received an opinion of counsel concluding that payments on the Certificates will not be subject to US withholding tax (other than US withholding tax that can be avoided by satisfying certain identification and certification requirements). Any such opinion shall be in form and substance satisfactory to the Issuer in its sole and absolute discretion and from counsel chosen by the Issuer, and shall not be addressed or delivered to, and may not be relied upon, by the Holders or any other party.

14. **Third Parties**

No person shall have any right to enforce any term or condition of the Certificates under the Contracts (Rights of Third Parties) Act 1999.

15. **Miscellaneous Definitions**

References to "**AUD**" are to Australian dollars, references to "**CAN**" are to Canadian dollars, references to "**DKr**" are to Danish Krone, references to "**EUR**" and "**€**" are to euro, references to "**GBP**" and "**£**" are to pounds sterling, references to "**HK\$**" and "**HKD**" are to Hong Kong dollars, references to "**JPY**" and "**¥**" are to Japanese yen, references to "**Nkr**" and "**NOK**" are to Norwegian Kroner, references to "**SKr**" are to Swedish Kronor, references to "**CHF**" and "**Sfr**" are to Swiss Francs, references to "**SGD**" and "**S\$**" are to Singapore dollars and references to "**USD**" and "**U.S.\$**" are to United States dollars.

16. **Governing Law and Jurisdiction**

The Agency Agreement and the Certificates and any non-contractual matters arising out of or in connection with the Agency Agreement and the Certificates are governed by, and shall be construed in accordance with, English law.

The Issuer irrevocably agrees for the exclusive benefit of the Certificateholders that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Certificates (including their formation) and that accordingly any suit, action or proceedings arising out of or in connection therewith (together referred to as "**Proceedings**") may be brought in the courts of England.

The Issuer irrevocably and unconditionally waives and agrees not to raise any objection which it may have now or subsequently to the laying of the venue of any Proceedings in the courts of England and any claim that any Proceedings have been brought in an inconvenient forum and irrevocably and unconditionally agrees that a judgment in any Proceedings brought in the courts of England shall be conclusive and binding upon the Issuer and may be enforced in the courts of any other jurisdiction. Nothing in this General Condition 16 shall limit any right to take Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

FORM OF PRICING SUPPLEMENT FOR CERTIFICATES

The following is the pro forma pricing supplement for general issues of Certificates under the Programme.

[Credit Suisse AG, acting through its London Branch / Credit Suisse International]

This Pricing Supplement is supplemental to the Programme Memorandum dated 17 June 2011 relating to the Unlisted Securities Programme of Credit Suisse AG, acting through its London Branch and Credit Suisse International (whichever is specified to be the Issuer in this Pricing Supplement, the "**Issuer**").

[TITLE OF ISSUE]

Issue Price: [●]

Pricing Supplement dated [●]

This Pricing Supplement is supplemental to, and should be read and construed in conjunction with, the Programme Memorandum[, the relevant Product Supplement(s) *[delete if not applicable; specify if applicable]* and all [other] documents which are incorporated by reference therein.

Terms defined in the Programme Memorandum have the same meaning in this Pricing Supplement.

In the event of any inconsistency between the Pricing Supplement Terms and the General Conditions, the Pricing Supplement Terms will prevail.

[References to [CURRENCY SYMBOL] are to [SPECIFY CURRENCY].]

INVESTMENT CONSIDERATIONS

[INSERT CONSIDERATIONS SPECIFIC TO ISSUE]

TERMS OF THE CERTIFICATES

Except as set out below, the Certificates will be subject to the General Conditions set out in the Programme Memorandum and also to the following Pricing Supplement Terms:

“Not Applicable” means an item is not applicable at the date of this Pricing Supplement, subject to amendment as provided in the Conditions. Italics in the left column denote a brief explanation of the Pricing Supplement Terms. Words in italics do not form any part of the Pricing Supplement Terms.

- | | | |
|-----|--|--|
| 1. | Issuer: | [Credit Suisse AG, acting through its London Branch/Credit Suisse International] |
| 2. | Title: | [●] |
| 3. | Number of Certificates: | [●] |
| 4. | Type of Certificates: | [●] [Not Applicable] |
| 5. | Minimum Transferable Number: | [●] |
| | <i>(Minimum number of Certificates which can be transferred)</i> | |
| 6. | Issue Date: | [●] |
| 7. | Issue Price: | [●] per Certificate |
| 8. | Redemption Amount:
<i>(Payable by the Issuer on the Redemption Date)</i> | The Redemption Amount in respect of each Certificate will be [●] [set out formula and related definitions for calculating the Redemption Amount] |
| 9. | Settlement Currency:
<i>(The currency in which the Redemption Amount and Interim Payment(s) will be paid)</i> | [●] |
| 10. | Redemption Date:
<i>(Date on which the Redemption Amount will be paid)</i> | [●] ⁴ |
| 11. | Underlying Asset(s): | [●] |
| 12. | Physical Settlement: | [Applicable/Not Applicable] |
| 13. | Currency-linked Certificates: | [Applicable/Not Applicable]

<i>[Specify relevant Currency provisions, adjustments and market disruptions as applicable]</i> |
| 14. | Share-linked Certificates: | [Applicable/Not Applicable/ As set out in the Schedule hereto]

<i>[Specify relevant Share provisions, adjustments and market disruptions as applicable]</i> |
| 15. | Index-linked Certificates: | [Applicable/Not Applicable]

<i>[Specify relevant Index provisions, adjustments and market disruptions as applicable]</i> |

⁴ The Redemption Date shall not be scheduled to fall after 31 December 2012.

16. Other Variable-linked Certificates: [Applicable/Not Applicable]
[Specify relevant Underlying Asset provisions, adjustments and market disruptions as applicable]
17. Additional or other Certificate Agent(s) and specified office(s), in addition to the Principal Certificate Agent: [●] [Not Applicable]
18. Securities Codes and Ticker Symbols
- ISIN: [●] [Not Applicable]
- Common Code: [●] [Not Applicable]
- [●] [●]
19. Clearing and Trading
- Clearing System(s): [Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme, Luxembourg] *[Other – Specify any National Clearing Systems if applicable]*
20. Additional definition of “Certificateholder”: *(For the purposes of General Condition 1(b) in the case of National Clearance Systems)* [●] [Not Applicable]
21. Additional provisions relating to transfer: *(For the purposes of General Condition 1(c) in the case of National Clearance Systems)* [●] [Not Applicable]
22. Names of Dealers/Selling Agents: [Credit Suisse (Securities) Europe Limited] [Credit Suisse International] *[Other]*
23. Certificateholder Early Redemption: [Applicable] [Not Applicable]
24. Certificateholder Early Redemption Notification Date: [●] [Not Applicable]
25. Certificateholder Early Redemption Reference Date: [●] [Not Applicable]
26. Certificateholder Early Redemption Amount: [The Redemption Amount] [●] *[set out formula and related definitions for calculating the Certificateholder Early Redemption Amount]* [Not Applicable]
27. Additional Provisions: [Not Applicable]
[Specify any other applicable provisions]

Signed on behalf of the Issuer:

By: _____

Duly authorised

By: _____

Duly authorised

SCHEDULE

[If desired or applicable in respect of share linked Certificates]

GENERAL TERMS AND CONDITIONS OF THE WARRANTS

The following is the text of the general terms and conditions which, subject to the provisions of (if any) the relevant Product Supplement and Pricing Supplement, will apply to the Warrants. References in the Conditions to "Warrants" are to the Warrants of one Series only, not to all Warrants that may be issued under the Programme. Definitions used in these General Terms and Conditions of the Warrants shall not apply to any other General Terms and Conditions contained in this Programme Memorandum.

In relation to the Warrants, Credit Suisse AG, acting through its London branch ("**CS**") and Credit Suisse International ("**CSI**") have executed an Agency Agreement dated 1 July 2010 (as amended and/or restated and/or supplemented from time to time, the "**Agency Agreement**"), with Citigroup Global Markets Deutschland AG & Co. KGaA as principal warrant agent (the "**Principal Warrant Agent**" which expression shall include, wherever the context so admits, any successor principal warrant agent), and the other agents named therein. The Warrantholders (as defined in General Condition 1) are deemed to have notice of all the provisions of the Agency Agreement applicable to them. CS has executed a general deed of covenant by deed poll dated 19 November 2009 and CSI has executed a general deed of covenant by deed poll dated 1 July 2010 (as amended and/or supplemented as at the Issue Date, each a "**Deed of Covenant**") in favour of Warrantholders from time to time in respect of Warrants issued from time to time under the Programme under which it has agreed to comply with the terms of all such Warrants. Whichever of CS or CSI is specified to be the Issuer in the relevant Pricing Supplement is the "**Issuer**". Copies of the Agency Agreement (including the form of global warrant referred to below) and each Issuer's Deed of Covenant are, and, so long as any Warrant remains outstanding, will be available for inspection during normal business hours at the specified office of the Principal Warrant Agent.

In these general terms and conditions (the "**General Conditions**" and together with the Terms, as defined below, the "**Conditions**") references to the "**Central Clearing System(s)**" are to Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"); references to "**National Clearing System(s)**" are to other clearing systems (if any) as may be specified in the relevant Pricing Supplement or notified to Warrantholders in accordance with General Condition 9; and references to a "**Clearing System**" shall be to a Central Clearing System or a National Clearing System, as the case may be, and shall include its respective successors and assigns.

The amount payable or deliverable on the Warrants may be linked to one or more "**Underlying Asset(s)**" as shall be specified in the relevant Pricing Supplement.

The Warrants of any series (a "**Series**") and of any tranche (a "**Tranche**") comprising, together with another Tranche or other Tranches, a Series, are subject to these General Conditions, as modified and/or supplemented by the terms of (if any) the relevant product supplement (each a "**Product Supplement**") relating to the relevant Warrants (the "**Product Terms**") and the terms of the relevant Pricing Supplement (each a "**Pricing Supplement**") relating to the relevant Warrants (the "**Pricing Supplement Terms**" and together with the Product Terms (if any), the "**Terms**"). The relevant Pricing Supplement will be appended to the global warrant representing the relevant Warrants (the "**Global Warrant**"). For the avoidance of doubt, a Product Supplement may not be prepared in respect of some or all of the Warrants, in which case all references in these General Conditions in relation to such Warrants to "Product Supplement" and "Product Terms" shall be disregarded.

Expressions used herein and not defined shall have the meaning given to them in the relevant Terms. In the event of any inconsistency between the General Conditions and (if any) the Product Terms, the Product Terms will prevail. In the event of any inconsistency between the Pricing Supplement Terms, the General Conditions, and (if any) the Product Terms, the Pricing Supplement Terms will prevail. Reference to "**Conditions**" are to the General Conditions as supplemented or amended by (if any) the Product Terms and the Pricing Supplement Terms.

1. Form, Title and Transfer

(a) Form

The Warrants shall be represented at all times by the Global Warrant deposited outside the United Kingdom with a common depository for the Central Clearing Systems. Warrants in definitive form shall not be issued.

(b) Title

Each person for the time being appearing in the books of the relevant Clearing System(s) as the holder of a Warrant (other than one Clearing System to the extent that it appears on the books of another Clearing System) or such other person as may be specified as a Warrantholder in the relevant Pricing Supplement, shall be treated for all purposes by the Issuer, the Warrant Agents and the relevant Clearing System(s) as the holder thereof, notwithstanding any notice to the contrary (each such person being referred to herein as a "**holder**" or "**Warrantholder**").

(c) Transfer

Transfers of Warrants may be effected only in integral multiples of the Minimum Transferable Number of Warrants and in the case of Warrants held through a relevant Clearing System through such relevant Clearing System and as otherwise specified in the relevant Pricing Supplement. Title will pass upon registration of the transfer in the books of such relevant Clearing System or as otherwise specified in the relevant Pricing Supplement.

2. Status

The Warrants are unsubordinated and unsecured obligations of the Issuer and rank *pari passu* and ratably without any preference among themselves and equally with all other unsubordinated and unsecured obligations of the Issuer from time to time outstanding (other than obligations preferred by mandatory operation of law).

3. Exercise Rights**(a) Exercise of Warrants****(i) Automatic Exercise**

Each Warrant shall (unless, if American Style applies, previously exercised) be deemed to have been automatically exercised on the Expiration Date (subject to prior termination or cancellation of the Warrants in accordance with General Conditions 5 and 6 or in any relevant Product Supplement or Pricing Supplement), and the Exercise Date for such Warrants will be the Expiration Date.

(ii) American Style

The following applies only to Warrants specified to be American Style:

Each Warrant is exercisable (subject to General Conditions 3(a)(i) and 4), free of charge on any Exercise Business Day during the period from, but excluding, the Issue Date to, and including, the Exercise Business Day before the Expiration Date (the "**Exercise Period**") subject to prior termination or cancellation of the Warrants as provided in General Conditions 5 and 6 or in any relevant Product Supplement or Pricing Supplement.

The Warrants may be exercised only in the Minimum Exercise Number and an Exercise Notice (as defined in General Condition 4(a)) that purports to exercise Warrants in a number smaller than the Minimum Exercise Number shall be void.

If a Maximum Exercise Number is specified in the relevant Pricing Supplement, then if, other than in the case of the Expiration Date, the Issuer determines that the Valuation Date (or if more than one, the initial Valuation Date) of more than the Maximum Exercise Number of Warrants would, except as a consequence of this provision otherwise fall on the same date, the Issuer may deem the Valuation Date (or if more than one, the initial Valuation Date) for the Maximum Exercise Number of such Warrants to be the originally applicable Valuation Date for such Warrants, and the relevant Valuation Date for the remainder of such Warrants to be (subject to provisions in the relevant Product Supplement (if any) relating to Market Disruption Events) the

next Exchange Business Day following the originally applicable Valuation Date. The order of receipt by the Principal Warrant Agent of the notifications to it under General Condition 4(c) shall govern the priority of Warrants for selection by the Issuer for their respective Valuation Dates being moved to the next Exchange Business Day, in the case of the Valuation Date of more than the Maximum Exercise Number of Warrants occurring on the same date, as set out above. The Issuer may, however, at any time, in its discretion, accept more than the Maximum Exercise Number of Warrants in respect of any day.

(b) **Entitlement on exercise of Warrants**

Warrants which have been duly exercised or deemed exercised entitle the relevant Warrantholder to require the Issuer to pay, subject to the Conditions of the Warrants, the Settlement Amount in respect of such Warrants in the Settlement Currency on the Settlement Date in accordance with the Conditions.

(c) **Settlement Amount**

Subject as provided in paragraph (d) below, the Settlement Amount will be calculated as set out in the relevant Terms.

(d) **Physical Settlement**

Where Physical Settlement is specified to be applicable in the relevant Pricing Supplement, subject to any conditions specified in the relevant Pricing Supplement, in lieu of paying the Settlement Amount, the Issuer shall discharge its payment obligation by delivery of the Underlying Asset Amount in accordance with the terms specified in the relevant Terms. For such purpose, "**Underlying Asset Amount**" means in relation to a Tranche, the amount of Underlying Asset(s) as specified in the relevant Pricing Supplement, which may be delivered by the Delivery Agent on behalf of the relevant Issuer on the date specified in the relevant Pricing Supplement.

4. Exercise Procedure

This General Condition 4 only applies to Warrants to which American Style is specified to apply in the relevant Terms.

(a) **Exercise Notice**

To exercise Warrants, a duly completed exercise notice in the form and with the content proscribed by the relevant Clearing System through which the relevant Warrantholder exercises its Warrants (an "**Exercise Notice**") must be delivered to that relevant Clearing System and a copy sent for information purposes to the Principal Warrant Agent or such other Warrant Agent as may be specified for such purpose in the relevant Terms on any day during the Exercise Period.

The day within the Exercise Period upon which a duly completed Exercise Notice is delivered (or deemed delivered) to the relevant Clearing System shall be the "Exercise Date" provided that if it is not received by the relevant Clearing System by the relevant Cut-off Time on that day or if that day is not an Exercise Business Day, the next following Exercise Business Day shall be the Exercise Date.

"**Cut-off Time**" means in respect of the relevant Clearing System through which the relevant Warrant is held 9.00 a.m. (London time) or any other time specified in the relevant Terms in respect of that Clearing System or such other time or times as the Issuer may determine to be necessary in accordance with the operational procedures of the relevant Clearing System and notify to the Warrantholders in accordance with General Condition 9.

An Exercise Notice delivered after the relevant Cut-off Time on the Exercise Business Day before the Expiration Date shall be void.

Each Exercise Notice shall be deemed to constitute an irrevocable election and undertaking by the holder of the number of Warrants specified in it to exercise such Warrants.

Failure to send a copy of the Exercise Notice to any Warrant Agent will not affect the validity of the Exercise Notice and, in the case of any discrepancy between the Exercise Notice delivered to the relevant Clearing System and such copy, the terms of the Exercise Notice sent to the relevant Clearing System shall prevail.

(b) Verification

In accordance with its normal operating procedures, the relevant Clearing System is expected to verify that, according to its records, each person exercising Warrants has Warrants in the amount being exercised in its securities account with the relevant Clearing System on the Exercise Date. If the relevant Clearing System determines that an Exercise Notice is improperly completed or the Clearing System determines that the relevant Warrantholder has insufficient Warrants in the Clearing System account(s) specified on the Exercise Date, the Exercise Notice will be treated as void and a new duly completed Exercise Notice must be submitted by the relevant Cut-off Time on the Exercise Business Day before the Expiration Date if exercise of the holder's Warrants is still desired and possible.

(c) Notification of Principal Warrant Agent

The relevant Central Clearing System is expected to notify the Principal Warrant Agent, in accordance with its normal operating procedures, of (i) the number and details of Warrants being exercised, and (ii) details of the account to which the relevant Settlement Amount is to be credited. If the Central Clearing System fails so to notify the Principal Warrant Agent the Exercise Notice shall be void unless the Central Clearing System so notifies the Principal Warrant Agent by 12.00 noon. (London time) on the third Exercise Business Day after the Exercise Date in which event, except in relation to an Exercise Date falling on the Expiration Date, the Exercise Date shall be the day on which such notification is made.

(d) Debit of Warrantholder's Account

The relevant Clearing System is expected on or before the Settlement Date, in accordance with its normal operating procedures, to debit the relevant account of the Warrantholder with the Warrants being exercised.

(e) Exercise subject to applicable laws etc.

Exercise of the Warrants and payment by the Issuer of any Settlement Amount will be subject in all cases to all applicable fiscal and other laws, regulations and practices in force at the relevant time (including, without limitation, any relevant exchange control laws or regulations and the rules and procedures of the relevant Clearing System) and neither the Issuer nor any Warrant Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated after using all reasonable efforts, as a result of any such laws, regulations and practices. Neither the Issuer nor any Warrant Agent shall under any circumstances be liable for any acts or defaults of any Clearing System in the performance of its duties in relation to the Warrants.

(f) Determinations

Any determination as to whether an Exercise Notice is duly completed and in proper form shall be made by the relevant Clearing System, and shall be conclusive and binding on the Issuer, the Warrant Agents and the relevant Warrantholder.

(g) Effect of Exercise Notice

Delivery of an Exercise Notice shall constitute an irrevocable election and undertaking by the Warrantholder to exercise the Warrants specified therein, provided that the person exercising and delivering such Exercise Notice is the person then appearing in the books of the relevant Clearing System as the holder of the relevant Warrants. If the person exercising and delivering

the Exercise Notice is not the person so appearing, such Exercise Notice shall for all purposes be void.

After the delivery of an Exercise Notice (other than an Exercise Notice which shall have become void), the Warrantholder specified in such Exercise Notice may not otherwise transfer such Warrants. Notwithstanding this if any Warrantholder does so transfer or attempts to transfer such Warrants, the Warrantholder will be liable to the Issuer for any losses, costs and expenses suffered or incurred by the Issuer including those suffered or incurred as a consequence of it having terminated any related hedging operations in reliance on the relevant Exercise Notice and subsequently (i) entering into replacement hedging operations in respect of such Warrants or (ii) paying any amount on the subsequent exercise of such Warrants without having entered into any replacement hedging operations.

(h) **Expiry of Warrants**

Any Warrant in respect of which a duly completed Exercise Notice has not been delivered in accordance with this General Condition 4 by the relevant Cut-off Time on the Exercise Business Day before the Expiration Date shall be deemed to have been exercised on the Expiration Date.

5. Illegality

The Issuer may terminate the Warrants if it has determined in good faith that the performance of its obligations thereunder or that any arrangement made to hedge its obligations thereunder has or will become unlawful, illegal or otherwise prohibited in whole or in part as a result of compliance by the Issuer with any applicable present or future law, rule, regulation, judgement, order or directive of any governmental, administrative, legislative or judicial authority or power, or any change in the interpretation thereof ("**applicable law**"). In such circumstances, the Issuer shall, however, if and to the extent permitted by applicable law, pay or cause to be paid to the account of the relevant Clearing System (or to the account of the relevant Warrantholders in such other manner as may be permitted by applicable law) in respect of each Warrant held by such Warrantholder an amount determined by the Issuer as representing the fair market value of such Warrant immediately prior to such termination (ignoring such unlawfulness, illegality or, as the case may be, other prohibition). Payment shall be made through the relevant Clearing System only and in such manner as shall be notified to the Warrantholders in accordance with the Conditions.

6. Purchases by the Issuer

The Issuer and any subsidiary and/or Affiliate of the Issuer may at any time purchase Warrants at any price in the open market or by tender or private treaty. Any Warrants so purchased may be held or resold or surrendered for cancellation.

Reference to "Affiliate" includes any entity controlled, directly or indirectly, by the Issuer, any entity that controls, directly or indirectly, the Issuer and any entity under common control with the Issuer. As used herein, "control" means ownership of a majority of the voting power of the entity or, as the case may be, the Issuer and "controlled by" and "controls" shall be construed accordingly.

7. Warrant Agents

The Issuer reserves the right at any time to vary or terminate the appointment of any of the agents whose duties in relation to the Warrants are listed in the Agency Agreement (the "**Warrant Agents**"), provided that so long as any Warrant is outstanding, there shall be a Principal Warrant Agent. Notice of any termination of appointment and of any changes in the specified office of any of the Warrant Agents shall be given to Warrantholders in accordance with the Conditions. In acting under the Agency Agreement, the Warrant Agents shall act solely as agents of the Issuer and shall not assume any obligation or duty to or any relationship of agency or trust for or with, the Warrantholders.

8. Further Issues

The Issuer may from time to time without the consent of the Warrantheolders create and issue further warrants, so as to form a single issue with the Warrants, pursuant to a supplemental global warrant or by endorsement to the Global Warrant.

9. Notices

So long as any Warrants are held in or on behalf of a Clearing System, notices to the holders of such Warrants may be given by delivery of the relevant notice to that Clearing System for communication by it to entitled accountholders. Notices to the holders of Warrants may also be given by publication in the newspaper specified in the Pricing Supplement or such other leading newspaper of general circulation as the Issuer may determine. Any such notice shall be deemed to have been given on the weekday following such delivery or, where notices are so published, on the date of such publication or, if published more than once or on different dates, on the date of the first such publication.

Notices to be given by a Warrantheolder shall (in the case of a Warrant not held in or on behalf of a Clearing System) be in writing and given by being lodged with a Warrant Agent. Where Warrants are held in or on behalf of a Clearing System, such notices may be given by the holder of a Warrant through the relevant Clearing System in such manner as the relevant Clearing System may approve for this purpose together with confirmation from the Clearing System of the Warrantheolder's holding of Warrants.

Where Warrants are held in or on behalf of a Clearing System but such Clearing System does not permit notices to be sent through it, such notices may be given by the relevant Warrantheolder in writing by being lodged with a Warrant Agent, subject to the Warrantheolder providing evidence from the Clearing System satisfactory to the Issuer of the Warrantheolder's holding of Warrants.

10. Calculations and Determinations

Neither the Issuer nor the Calculation Agent (if any) shall have any responsibility for good faith errors or omissions in their calculations and determinations as provided in the Conditions, whether caused by negligence or otherwise. The calculations and determinations of the Issuer or Calculation Agent (if any) shall be made in accordance with the Conditions having regard in each case to the criteria stipulated herein and (where relevant) on the basis of information provided to or obtained by employees or officers of the Issuer or Calculation Agent (if any) responsible for making the relevant calculation or determination and shall, in the absence of manifest error, be final, conclusive and binding on Warrantheolders.

11. Taxation

The Issuer is not liable for or otherwise obliged to pay, and the relevant Warrantheolder shall pay, any tax, duty, charges, withholding or other payment which may arise as a result of, or in connection with, the ownership, transfer, exercise or enforcement of any Warrant, including, without limitation, the payment of any Settlement Amount. The Issuer shall have the right, but not the duty, to withhold or deduct from any amount payable to the Warrantheolder, such amount as is necessary (i) for the payment of any such taxes, duties, charges, withholdings or other payments, (ii) any withholding taxes imposed by the United States or a political subdivision thereof or (iii) for effecting reimbursement to the Issuer for any payment by it of any tax, duty, charge, withholding or other payment referred to in this General Condition. The Issuer shall not be obliged to make any payment to a Warrantheolder to compensate them for such withholding or deduction.

12. Modification

The Issuer may from time to time modify and amend the Conditions of the Warrants or the Agency Agreement, in each case without the consent of the Warrantheolders, in such manner as the Issuer deems necessary or desirable, if the modification or amendment:

- (i) is of a formal, minor or technical nature; or
- (ii) is made to cure a manifest or proven error; or

- (iii) is made to cure any ambiguity; or is made to correct or supplement any defective provisions of the Warrants or the Agency Agreement (as applicable); or
- (iv) will not materially and adversely affect the interests of the Warrantholders.

Any such modification or amendment shall take effect in accordance with its terms and be binding on the Holders, and shall be notified to the Warrantholders in accordance with General Condition 9 as soon as practicable (but failure to give such notice, or non-receipt thereof, shall not affect the validity of such modification or amendment).

13. Substitution of the Issuer

The Issuer, or any previous substituted company, may at any time, without the consent of the Warrantholders, substitute for itself as principal obligor under the Warrants any company (the "**Substitute**"), being any Affiliate of the Issuer or another company with which it consolidates, into which it merges or to which it sells, leases, transfers or conveys all or substantially all its property, subject to:

- (i) where the Substitute is an Affiliate of the Issuer, the Substitute having a long-term unsecured debt rating equal to or higher than that of the Issuer given by Moody's Investors Service, Inc. (or an equivalent rating from another internationally recognised rating agency) or having the benefit of a guarantee from the Issuer or another Affiliate of the Issuer with such a debt rating;
- (ii) all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Warrants represent legal, valid and binding obligations of the Substitute having been taken, fulfilled and done and being in full force and effect;
- (iii) the Issuer shall have given at least 30 days' prior notice of the date of such substitution to the Warrantholders in accordance with General Condition 9.

In the event of any substitution of the Issuer, any reference in the Conditions to the Issuer shall thenceforth be construed as a reference to the Substitute.

"**Affiliate**" means any entity controlled, directly or indirectly by the Issuer, any entity that controls, directly or indirectly, the Issuer and any entity under common control with the Issuer.

The Issuer shall also have the right upon notice to Warrantholders in accordance with General Condition 9 to change the office through which it is acting for the purpose of the Warrants, the date of such change to be specified in such notice provided that no change can take place prior to the giving of such notice.

The Issuer shall have received an opinion of counsel concluding that payments on the Notes will not be subject to US withholding tax (other than US withholding tax that can be avoided by satisfying certain identification and certification requirements). Any such opinion shall be in form and substance satisfactory to the Issuer in its sole and absolute discretion and from counsel chosen by the Issuer, and shall not be addressed or delivered to, and may not be relied upon, by the Holders or any other party.

14. Third Parties

No person shall have any right to enforce any term or condition of the Warrants under the Contracts (Rights of Third Parties) Act 1999.

15. Miscellaneous Definitions

References to "**AUD**" are to Australian dollars, references to "**CAN**" are to Canadian dollars, references to "**DKr**" are to Danish Krone, references to "**EUR**" and "**€**" are to euro, references to "**GBP**" and "**£**" are to pounds sterling, references to "**HK\$**" and "**HKD**" are to Hong Kong dollars, references to "**JPY**" and "**¥**" are to Japanese yen, references to "**SKr**" are to Swedish Kronor, references to "**Sfr**" and "**CHF**" are to Swiss Francs, references to "**SGD**" and "**S\$**" are to Singapore dollars and references to "**USD**" and "**U.S.\$**" are to United States dollars.

16. Governing Law

The Agency Agreement and the Warrants and any non-contractual matters arising out of or in connection with the Agency Agreement and the Warrants are governed by, and shall be construed in accordance with, English law.

The Issuer irrevocably agrees for the exclusive benefit of the Warrantholders that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Warrants (including their formation) and that accordingly any suit, action or proceedings arising out of or in connection therewith (together referred to as "**Proceedings**") may be brought in the courts of England.

The Issuer irrevocably and unconditionally waives and agrees not to raise any objection which it may have now or subsequently to the laying of the venue of any Proceedings in the courts of England and any claim that any Proceedings have been brought in an inconvenient forum and irrevocably and unconditionally agrees that a judgment in any Proceedings brought in the courts of England shall be conclusive and binding upon the Issuer and may be enforced in the courts of any other jurisdiction. Nothing in this General Condition 16 shall limit any right to take Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

FORM OF PRICING SUPPLEMENT FOR WARRANTS

The following is the pro forma pricing supplement for issues of Warrants under the Programme

[Credit Suisse AG, acting through its London Branch / Credit Suisse International]

This Pricing Supplement is supplemental to the Programme Memorandum dated 17 June 2011 relating to the Unlisted Securities Programme of Credit Suisse AG, acting through its London Branch and Credit Suisse International (whichever is specified to be the Issuer in this Pricing Supplement, the "**Issuer**").

[TITLE OF ISSUE]

Issue Price: [●]

Pricing Supplement dated [●]

This Pricing Supplement is supplemental to, and should be read and construed in conjunction with, the Programme Memorandum, (if any) the relevant Product Terms, [the relevant Local Supplement(s) *delete if not applicable; specify if applicable*] and all other documents which are incorporated by reference therein.

Terms defined in the Programme Memorandum have the same meaning in this Pricing Supplement.

In the event of any inconsistency between the General Conditions and (if any) the Product Terms, the Product Terms will prevail. In the event of any inconsistency between the Pricing Supplement Terms, the General Conditions, (if any) the Product Terms, the Pricing Supplement Terms will prevail.

[References to [CURRENCY SYMBOL] are to [SPECIFY CURRENCY].] ⁵

⁵ Delete if the relevant currency is referenced in General Condition 15

INVESTMENT CONSIDERATIONS

[INSERT CONSIDERATIONS SPECIFIC TO ISSUE]

Pricing Supplement Terms

"Not Applicable" means an item is not applicable at the date of this Pricing Supplement, subject to amendment as provided in the Conditions. Italics in the left column denote a brief explanation of the Pricing Supplement Terms. Words in italics do not form any part of the Pricing Supplement.

- | | | |
|-----|------------------------------|---|
| 1. | Issuer: | [Credit Suisse AG, acting through its London Branch/Credit Suisse International] |
| 2. | Title: | [●] |
| 3. | Number of Warrants: | [Up to] [●] |
| 4. | Type of Warrants: | [Put/Call/OTHER] |
| 5. | Expiration Date: | [●] |
| | | <i>(Date on which Warrants will, if not previously exercised or terminated, be deemed exercised)</i> |
| 6. | Minimum Transferable Number: | [●] |
| | | <i>(Minimum number of Warrants which can be transferred)</i> |
| 7. | Minimum Exercise Number: | [●] [, or integral multiples thereof] <i>[Only for American Style Warrants. This must not be more than the Minimum Transferable Number]</i> |
| | | <i>(Minimum number of Warrants which can be exercised at any time)</i> |
| 8. | Maximum Exercise Number: | [●] <i>[Only for American Style Warrants]</i> |
| | | <i>(Maximum number of Warrants which can be valued on a single Valuation Date, subject as otherwise specified in the Conditions)</i> |
| 9. | Exercise Style: | [European/American/OTHER] |
| | | <i>(European Style Warrants will be deemed exercised on the Expiration Date; American Style Warrants can be exercised at any time up to and including the Exercise Business Day before the Expiration Date and failing which will be deemed exercised on the Expiration Date)</i> |
| 10. | Issue Date: | [●] |
| 11. | Issue Price: | [●] per [QUANTITY] Warrant[s] |
| 12. | Underlying Asset(s): | [●] |
| 13. | Currency-linked Warrants: | [Applicable/Not Applicable] |
| | | <i>[Specify relevant Currency provisions, adjustments and market disruptions as applicable]</i> |
| 14. | Share-linked Warrants: | [Applicable/Not Applicable/As set out in the Schedule hereto] |
| | | <i>[Specify relevant Share provisions, adjustments and market disruptions as applicable]</i> |

15. Index-linked Warrants: [Applicable/Not Applicable]
[Specify relevant Index provisions, adjustments and market disruptions as applicable]
16. Commodity-linked Warrants: [Applicable/Not Applicable]
[Specify relevant Commodity provisions, adjustments and market disruptions as applicable]
17. Other Variable-linked Warrants [Applicable/Not Applicable]
[Specify relevant Underlying Asset provisions, adjustments and market disruptions as applicable]
18. Strike Price: [●]
19. Initial Setting Date: [[●] *[specify date]*]/the final Initial Averaging Date
[Not applicable if Strike Price is known before Issue Date]
(This is the date for setting the Strike Price)
20. Initial Averaging Dates: [●] *[specify dates]*
(The Strike Price is determined by reference to the prices of the Underlying Asset(s) on these dates)
21. Initial Averaging Date Disrupted Day: [Omission/Postponement/Modified Postponement]
(Provisions determining the consequences of an Initial Averaging Date being a Disrupted Day)
22. Valuation Time: [●]
23. Averaging Dates: [●] *[specify dates]*
(The Settlement Amount is determined by reference to the prices of the Underlying Asset(s) prevailing on these dates)
24. Averaging Date Disrupted Day: [Omission/Postponement/Modified Postponement]
(Provisions determining the consequences of an Averaging Date being a Disrupted Day)
25. Observation Period: [Not Applicable/The period from and including [●] to and including [●].]
(The period during which Observation Dates occur)
26. Observation Dates: [*[specify dates]*]/Each Scheduled Trading Day in respect of the relevant *[Underlying Asset(s)]* in the Observation Period
(Amounts payable are determined by reference to the prices of the Underlying Asset(s) prevailing on these dates)
27. Observation Date Disrupted Day: [Omission/Postponement/Modified Postponement]
(Provisions determining the consequences of an Observation Date being a Disrupted Day)

28. Settlement Amount: The Settlement Amount in respect of [●] Warrant(s) will be [Set out other formula and related definitions for calculating the Settlement Amount]
(Payable by the Issuer on the Settlement Date)
29. Physical Settlement [Applicable/Not Applicable]
30. Settlement Currency: [●]
(The currency in which the Settlement Amount will be paid)
31. Additional Business Day Centres: [Not Applicable/specify]
(For purposes of the definition of Currency Business Day, contained in the Product Supplement (if any))
32. Settlement Date: [3/other] Currency Business Days after the Valuation Date (or, if there is more than one Valuation Date, the last such Valuation Date), provided that, if that day is not a Clearing System Business Day, it shall be the next Currency Business Day which is also a Clearing System Business Day.⁶
(Date on which the Settlement Amount will be paid)
33. Additional or other Warrant Agent(s) and specified office(s), in addition to the Principal Warrant Agent and the Warrant Agent in Luxembourg: [●]/Not Applicable]
34. Security Codes and Ticker Symbols
- ISIN: [●] [Not Applicable]
- Common Code: [●] [Not Applicable]
- [●] [●]
35. Clearing and Trading
- Clearing System(s): [Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme, Luxembourg] [Other – Specify any National Clearing Systems if applicable]
36. Additional definition of "Warrantholder" [●]
(For the purposes of General Condition 1(b) in the case of National Clearing Systems)
37. Additional provisions relating to transfer: [●]
(For the purposes of General Condition 1(c) in the case of National Clearing Systems)
38. Names of Dealers/Selling Agents: [●]

⁶ The Settlement Date shall not be scheduled to fall after 31 December 2012.

Signed on behalf of the Issuer:

By: _____

Duly authorised

By: _____

Duly authorised

1 **[Additional Selling Restrictions]**

[add if applicable]

2 **[Information on the Underlying Asset(s)]**

Information about the [*Underlying Asset(s)*] can be obtained from [include relevant website], provided that this website does not form part of this Pricing Supplement or the General Conditions of the Warrants. The price[s] of the [*Underlying Asset(s)*] [is/are] available on [include the relevant Bloomberg or Reuters Code(s)].

SCHEDULE

[If desired or applicable in respect of share linked Warrants]

TAXATION

United Kingdom taxation

The following is a summary of the United Kingdom withholding taxation treatment at the date hereof in relation to payments of principal and interest in respect of the Securities. The comments do not deal with any other United Kingdom tax aspects of acquiring, holding or disposing of Securities. Prospective Noteholders should be aware that the particular terms of issue of any series of Securities as specified in the relevant Pricing Supplement may affect the tax treatment of that and other series of Securities. The following is a general guide and should be treated with appropriate caution.

UK withholding tax on UK source interest

Interest on Securities may be paid by the relevant Issuer without withholding or deduction for on account of United Kingdom income tax if, as at the date of payment of that interest, the Issuer is a "bank" for the purposes of section 991 Income Tax Act 2007 and so long as such payments are made by it in the ordinary course of its business.

Each of Credit Suisse International and Credit Suisse AG, acting through its London Branch, as at 31 March 2010 and 4 May 2010, respectively, was a "bank" for the purposes of that definition. In accordance with the published practice of HMRC, such payments will be accepted as being made by the Issuer in the ordinary course of its business unless either:

- the borrowing in question relates to the capital structure of the Issuer. A borrowing is regarded as relating to the capital structure of the Issuer if it conforms to any of the definitions of Tier 1, 2 or 3 capital adopted by the Bank of England, whether or not it actually counts towards Tier 1, 2 or 3 capital for regulatory purposes; or
- the characteristics of the transaction giving rise to the interest are primarily attributable to an intention to avoid United Kingdom tax.

In all cases falling outside the section 991 Income Tax Act 2007 exemption described above, interest on Securities will fall to be paid under deduction of United Kingdom income tax at the basic rate (currently 20 per cent.) subject to such relief as may be available under the provisions of any applicable double taxation treaty or to any other exemption which may apply. However this withholding will not apply where the relevant interest is paid on Securities with a maturity of less than one year from the date of the issue and which are not issued under arrangements the effect of which is to render such Securities as part of the borrowing with a total term of a year or more.

Other rules relating to United Kingdom withholding tax

Securities may be issued at an issue price of less than 100 per cent. of their principal amount. Any discount element on such Securities will not be subject to any United Kingdom withholding tax pursuant to the provisions mentioned in "UK withholding tax on UK source interest" above, but may be subject to reporting requirements as outlined below.

Where Securities are to be, or may fall to be, redeemed at a premium, as opposed to being issued at a discount, then any such element of premium may constitute a payment of interest for UK tax purposes. Payments of interest are potentially subject to United Kingdom withholding tax as outlined above and reporting requirements as outlined below.

Where interest has been paid under deduction of United Kingdom income tax, Noteholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in an applicable double taxation treaty.

The references to "interest" in this United Kingdom taxation section mean "interest" as understood in United Kingdom tax law. The statements do not take any account of any different definitions of "interest" or "principal" which may prevail under any other law or which may be created by the terms and conditions of the Securities or any related documentation.

The above description of the United Kingdom withholding tax position assumes that there will be no substitution of an Issuer and does not consider the tax consequences of any such substitution.

Reporting Requirements

Where interest is paid to holders of Securities (or to any person acting on their behalf) by the relevant Issuer or by any person in the United Kingdom acting on behalf of an Issuer (a "**payment agent**"), or is received by any person in the United Kingdom acting on behalf of the relevant holder of Securities (other than solely by clearing or arranging the clearing of a check) (a "**collecting agent**"), then the relevant Issuer, the payment agent or the collecting agent (as the case may be) may be required to supply to HMRC information including details of the payment and certain details relating to the holder (including the holder's name and address). These provisions will apply regardless of whether the interest has suffered a withholding or deduction for or on account of United Kingdom income tax and whether or not the holder of the Security is resident in the United Kingdom for United Kingdom taxation purposes. Where the holder is not so resident, the details provided to HMRC may be passed by HMRC to the tax authorities of the jurisdiction in which the holder is resident for taxation purposes.

The provisions referred to above may also apply, in certain circumstances, to payments of amounts due on redemption of Securities that constitute "deeply discounted securities" (as defined in the Income Tax (Trading and Other Income) Act 2005).

European Union savings tax directive

Under EC Council Directive 2003/48/EC on the taxation of savings income each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income payments ("**Savings Income**") made by a person within its jurisdiction to or collected by such a person for an individual or to certain non-corporate entities, resident in that other Member State (interest payments on the Securities will for these purposes be Savings Income). However, for a transitional period, Austria and Luxembourg are instead applying a withholding system in relation to such payments unless during such period they elect otherwise. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries including Switzerland and certain dependent or associated territories of certain Member States have adopted and implemented similar measures to the EU Directive (a withholding system in the case of Switzerland).

In addition, Member States have entered into reciprocal arrangements with certain of those non-EU countries and dependent or associated territories of certain Member States in relation to payments of Savings Income made by a person in a Member State to an individual, or to certain non-corporate entities, resident in certain dependent or associated territories or non-EU countries.

Where an individual Noteholder receives a payment of Savings Income from any Member State or dependent or associated territory employing the withholding arrangement, the individual Noteholder may be able to elect not to have tax withheld. The formal requirements may vary slightly from jurisdiction to jurisdiction. They generally require the individual Noteholder to produce certain information (such as his tax number) and consent to details of payments and other information being transmitted to the tax authorities in his home state. Provided that the other Tax Authority receives all of the necessary information the payment will not suffer a withholding under EC Council Directive 2003/48/EC or the relevant law conforming with the directive in a dependent or associated territory.

The directive has been the subject of a review which has resulted in a series of proposals being put forward to amend the directive. Any changes could apply to Securities that have already been issued at the date of the amendment of the directive.

Hong Kong

Withholding Tax

Under existing Hong Kong laws, payments of principal (including premium and discounts) and interest in respect of the Securities will be payable without withholding for or on account of any Hong Kong taxes.

Profits Tax

Profits tax is charged on every person carrying on a trade, profession or business in Hong Kong in respect of assessable profits arising in or derived from Hong Kong from such trade, profession or business.

Under the Inland Revenue Ordinance (Cap. 112) of Hong Kong, interest on the Securities will be subject to Hong Kong profits tax where such interest is received by or accrued to:

- a financial institution (as defined in the Inland Revenue Ordinance) and such interest arises through or from the carrying on by the financial institution of its business in Hong Kong;
- a corporation carrying on a trade, profession or business in Hong Kong and such interest is derived from Hong Kong; or
- a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and such interest is derived from Hong Kong and is in respect of the funds of the trade, profession or business.

No capital gains tax is currently levied in Hong Kong; however, Hong Kong profits tax may be charged on profits arising on the sale, disposal or redemption of Securities where such sale, disposal or redemption are or form part of a trade, profession or business carried on in Hong Kong.

Stamp Duty

Stamp duty will not be payable on the issue of Securities in bearer form provided either:

- (i) such Securities are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or
- (ii) such Securities constitute loan capital (as defined in the Stamp Duty Ordinance (Cap. 117) of Hong Kong).

If stamp duty is payable, it is payable by the relevant Issuer on the issue of Securities in bearer form at a rate of 3 per cent. of the market value of the Securities at the time of issue.

No stamp duty will be payable on any subsequent transfer of Securities in bearer form.

Stamp duty may be payable on any transfer of Securities in registered form if the relevant transfer is required to be registered in Hong Kong. Stamp duty will, however, not be payable on any transfers of Securities in registered form provided that either:

- (i) the Securities in registered form are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or
- (ii) the Securities in registered form constitute loan capital (as defined in the Stamp Duty Ordinance (Cap. 117) of Hong Kong).

If stamp duty is payable in respect of the transfer of Securities in registered form it will be payable by each of the purchaser and the seller at the rate of 0.1 per cent. (together 0.2 per cent.) of the consideration for, or (if greater) the value of, the Securities bought and sold.

The Pricing Supplement in respect of any Securities will disclose whether or not any stamp duty is payable on the issue or subsequent transfer of the Securities, and the manner in which such stamp duty will be payable. In addition in the case of any Securities the terms and conditions of which provide for the physical settlement of the

Underlying Assets on redemption of the Securities, the Pricing Supplement, will include details of any stamp duty payable on such physical settlement and the amount of such stamp duty payable by the relevant Securityholder.

Singapore

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines issued by the Monetary Authority of Singapore ("MAS") in force as at the date of the Programme Memorandum and are subject to any changes in such laws, measures or guidelines, or the interpretation of such laws, measures or guidelines, occurring after such date, which changes could be made on a retroactive basis. These laws and guidelines are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. The following is a summary of the material Singapore tax consequences to a holder of the Notes. Neither those statements nor any other statements in the Programme Memorandum are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling, or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities) may be subject to special rules. Prospective holders of the Notes are advised to consult their own tax advisers as to the Singapore or other tax consequences of the acquisition, ownership of or disposal of the Notes, including in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that neither the Issuer nor any other persons involved in the Programme Memorandum accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Notes.

Income Tax - General

Individual Taxpayers

An individual is a tax resident in Singapore in a year of assessment if in the preceding year he was physically present in Singapore or exercised an employment in Singapore (other than as a director of a company) for 183 days or more or if he resides in Singapore.

Individual taxpayers who are Singapore tax residents are subject to Singapore income tax on income accruing in or derived from Singapore. All foreign-sourced income received in Singapore on or after 1 January 2004 by a Singapore tax resident individual (except for income received through a partnership in Singapore) is exempt from Singapore income tax.

A Singapore tax resident individual is taxed at progressive rates ranging from 0 per cent. to 20 per cent. for the year of assessment 2011 (that is, in respect of income earned during the calendar year or other basis period ending in 2010).

Non-resident individuals, subject to certain exceptions and conditions, are subject to Singapore income tax on income accruing in or derived from Singapore at the rate of 20 per cent. for the year of assessment 2011.

Corporate Taxpayers

A company is tax resident in Singapore if the control and management of its business is exercised in Singapore.

Corporate taxpayers who are Singapore tax residents are subject to Singapore income tax on income accruing in or derived from Singapore and, subject to certain exceptions, on foreign-sourced income received or deemed to be received in Singapore. Foreign-sourced income in the form of dividends, branch profits and services income received or deemed to be received in Singapore by Singapore tax resident companies on or after 1 June 2003 are exempt from tax if certain prescribed conditions are met including the following:

- (i) such income is subject to tax of a similar character to income tax under the law of the jurisdiction from which such income is received; and
- (ii) at the time the income is received in Singapore, the highest rate of tax of a similar character to income tax (by whatever name called) levied under the law of the territory from which the income is received on any gains or profits from any trade or business carried on by any company in that territory at that time is not less than 15 per cent..

Certain concessions and clarifications have also been announced by the Inland Revenue Authority of Singapore (“IRAS”) with respect to such conditions.

Non-resident corporate taxpayers, with certain exceptions, are subject to Singapore income tax on income accruing in or derived from Singapore, and on foreign-sourced income received or deemed to be received in Singapore.

The corporate tax rate in Singapore is 17 per cent. with effect from the year of assessment 2010. In addition, three-quarters of up to the first S\$10,000, and one-half of up to the next S\$290,000, of a company’s chargeable income otherwise subject to normal taxation is exempt from corporate tax. New companies will also, subject to certain conditions, be eligible for full tax exemption on their normal chargeable income of up to S\$100,000 a year for each of the company’s first three years of assessment.

Singapore Withholding Tax

Under Section 12(6) of the Income Tax Act, Chapter 134 of Singapore (“ITA”), the following payments are deemed to be derived from Singapore:

- (a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or
- (b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15 per cent. final withholding tax described below) to non-resident persons (other than non-resident individuals) is 17 per cent. with effect from the year of assessment 2010. The applicable rate for non-resident individuals is 20 per cent.. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15 per cent.. The rate of 15 per cent. may be reduced by applicable tax treaties.

Certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

- (i) interest from debt securities derived on or after 1 January 2004;
- (ii) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and
- (iii) prepayment fee, redemption premium and break cost from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession.

Capital gains

Any gains considered to be in the nature of capital made from the sale of securities will not be taxable in Singapore. However, any gains from the sale of securities which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of Securities who are adopting Financial Reporting Standard 39: Financial Instruments - Recognition and Measurement (“FRS 39”) for Singapore income tax purposes may be required to recognise gains or losses on

such Securities, irrespective of disposal, in accordance with FRS 39. Please see the section below on “Adoption of FRS 39 treatment for Singapore income tax purposes”.

Adoption of FRS 39 treatment for Singapore income tax purposes

The Inland Revenue Authority of Singapore has issued a circular entitled “Income Tax Implications arising from the adoption of FRS 39 – Financial Instruments: Recognition and Measurement” (the “**FRS 39 Circular**”). The ITA has since been amended to give effect to the FRS 39 Circular.

The FRS 39 Circular generally applies, subject to certain “opt-out” provisions, to taxpayers who are required to comply with FRS 39 for financial reporting purposes.

Holders of Securities who may be subject to the tax treatment under the FRS 39 Circular may be required to recognise income derived from such Securities in accordance with the provisions of FRS 39 (as modified by the applicable provisions of Singapore income tax law), and should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of such Securities.

United States Taxation for Non U.S. Investors

CIRCULAR 230 NOTICE. THE FOLLOWING NOTICE IS BASED ON U.S. TREASURY REGULATIONS GOVERNING PRACTICE BEFORE THE U.S. INTERNAL REVENUE SERVICE: (1) ANY U.S. FEDERAL TAX ADVICE CONTAINED HEREIN, INCLUDING ANY OPINION OF COUNSEL REFERRED TO HEREIN, IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING U.S. FEDERAL TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER; (2) ANY SUCH ADVICE IS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS DESCRIBED HEREIN (OR IN ANY SUCH OPINION OF COUNSEL); AND (3) EACH TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

Legislation Affecting Dividend Equivalent Payments

The United States Hiring Incentives to Restore Employment Act (the “Act”) treats a “dividend equivalent” payment as a dividend from sources within the United States. Under the Act, unless reduced by an applicable tax treaty with the United States, such payments generally would be subject to U.S. withholding tax. A “dividend equivalent” payment is (i) a substitute dividend payment made pursuant to a securities lending or a sale-repurchase transaction that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, (ii) a payment made pursuant to a “specified notional principal contract” that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, and (iii) any other payment determined by the IRS to be substantially similar to a payment described in the preceding clauses (i) and (ii). In the case of payments made after March 18, 2012, a dividend equivalent payment includes a payment made pursuant to any notional principal contract unless otherwise exempted by the IRS. Where the securities reference an interest in a fixed basket of securities or an index, such fixed basket or index will be treated as a single security. Where the securities reference an interest in a basket of securities or an index that may provide for the payment of dividends from sources within the United States, absent guidance from the IRS, it is uncertain whether the IRS would determine that payments under the securities are substantially similar to a dividend. If the IRS determines that a payment is substantially similar to a dividend, it may be subject to U.S. withholding tax, unless reduced by an applicable tax treaty.

Legislation Affecting Securities Held Through Foreign Accounts

Under the Act, a 30% withholding tax is imposed on “withholdable payments” made to foreign financial institutions (and their more than 50% affiliates) unless the payee foreign financial institution agrees, among other things, to disclose the identity of any U.S. individual with an account at the institution (or the institution’s affiliates) and to annually report certain information about such account. “Withholdable payments” include payments of interest (including original issue discount), dividends, and other items of fixed or determinable annual or periodical gains, profits, and income (“FDAP”), in each case, from sources within the United States, as well as gross proceeds from the sale of any property of a type which can produce interest or dividends from sources within the United States. The Act also requires withholding agents making withholdable payments to certain foreign entities that do not disclose the name, address, and taxpayer identification number of any substantial U.S. owners (or certify that

they do not have any substantial United States owners) to withhold tax at a rate of 30%. We will treat payments on the securities as withholdable payments for these purposes.

Withholding under the Act will apply to all withholdable payments without regard to whether the beneficial owner of the payment is a U.S. person, or would otherwise be entitled to an exemption from the imposition of withholding tax pursuant to an applicable tax treaty with the United States or pursuant to U.S. domestic law. Unless a foreign financial institution is the beneficial owner of a payment, it will be subject to refund or credit in accordance with the same procedures and limitations applicable to other taxes withheld on FDAP payments provided that the beneficial owner of the payment furnishes such information as the IRS determines is necessary to determine whether such beneficial owner is a United States owned foreign entity and the identity of any substantial United States owners of such entity. Generally, the Act's withholding and reporting regime will apply to payments made after December 31, 2012. Thus, if an investor holds the securities through a foreign financial institution or foreign corporation or trust, a portion of the payments made after December 31, 2012 may be subject to 30% withholding.

Physical Settlement of Equity Interests

If a Security specifies Physical Settlement of the Underlying Asset and, as result, a non-U.S. holder acquires equity that distributes dividend payments that are deemed to be from sources within the United States, then such dividend payments will be subject to withholding of 30 per cent.. Gain realized on the sale, exchange, retirement or other disposition of such equity by a non-U.S. holder will generally not be subject to U.S. federal income tax unless (i) such income is effectively connected with a trade or business conducted by the non-U.S. holder in the United States, or (ii) the non-U.S. holder has or had a current or former relationship with the United States, including a relationship as a citizen or resident thereof or based on an individual's presence in the United States for 183 days or more in the taxable year of the applicable jurisdiction. Further, if the equity interest is in a "United States Real Property Holding Corporation" ("**USRPHC**"), as defined in Section 897, then gain derived by a non-U.S. holder from the disposition of a USRPHC is treated as income effectively connected with the conduct of a U.S. trade or business and such non-U.S. holder will be subject to U.S. tax on a net basis. In addition, the IRS may seek to recharacterize the acquisition of a Security that specifies Physical Settlement as a current transfer of the Underlying Asset in which case, a holder may be treated as owning, for U.S. federal income tax purposes, the Underlying Asset prior to Physical Settlement with the attendant tax consequences discussed above.

Each potential purchaser of Securities should consult its own tax advisor to obtain a more detailed explanation of the consequences of Physical Settlement and to learn how it might affect such investor in its particular circumstances.

Information Reporting and Back-up Withholding

Under certain circumstances, the Code requires "information reporting," and may require "backup withholding" with respect to certain payments made on the Securities and the payment of the proceeds from the disposition of the Securities. A non-U.S. holder of the Securities generally will not be subject to these information reporting requirements or backup withholding with respect to distributions on the Securities if it provides certifications as to its status as a non-U.S. holder under penalties of perjury on the appropriate IRS Form W-8. However, while the payment of proceeds from the disposition of a Security by a non-U.S. holder to or through a non-U.S. office of a U.S. broker or to or through a non-U.S. broker with certain specific types of relationships to the United States generally will not be subject to backup withholding, such payment will be subject to information reporting unless the non-U.S. holder certifies its status as a non-U.S. holder (and, if applicable, its beneficial owners also certify their status as non-U.S. holders) under penalties of perjury or the broker has certain documentary evidence in its files as to the non-U.S. holder's foreign status and the broker has no actual knowledge to the contrary.

Backup withholding is not an additional tax and may be refunded (or credited against the non-U.S. holder's U.S. federal income tax liability, if any); provided, that certain required information is furnished to the IRS. The information reporting requirements may apply regardless of whether withholding is required.

Non-U.S. holders should consult their tax advisors regarding the application of information reporting and backup withholding to their particular situations, the availability of an exemption therefrom, and the procedure for obtaining an exemption, if available.

SALE AND SUBSCRIPTION

General

The Issuer (as specified in the relevant Pricing Supplement) may appoint dealers (each a "**Dealer**") or selling agents (each a "**Selling Agent**") under a dealer agreement or selling agency agreement in respect of an issue of Securities and each Dealer and/or each Selling Agent will be required to comply with the selling restrictions set out below and any other selling restrictions as may be specified and/or applicable at the relevant time.

No action has been or will be taken by any Dealer or Selling Agent that would permit a public offering of the Securities or possession or distribution of any offering material in relation to the Securities in any jurisdiction where action for that purpose is required save as specified in the relevant Pricing Supplement. No offers, sales or deliveries of any Securities, or distribution of any offering material relating to the Securities, may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and will not impose any obligations on the relevant Issuer.

United States

The Securities have not been and will not be registered under the U.S. Securities Act of 1933 (the "**Securities Act**") and may not be offered, sold, or delivered within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Dealer has agreed that, except as permitted by applicable law, not to offer, sell or deliver the Securities (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Issue Date within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each other Dealer to which it sells Securities during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Securities within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering, an offer or sale of Securities within the United States by the Dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

The Dealer has in place arrangements reasonably designed to ensure that the Notes will be sold (or resold in connection with their original issuance) only to a person who is not a United States person or who is a United States person that is a financial institution (as defined in United States Treasury Regulation section 1.165-12(c)(1)(v)) purchasing for its own account or for the account of a customer and that agrees to comply with the requirements of section 165(j)(3)(A), (B), or (C) and the regulations thereunder.

United Kingdom

The Dealer and/or Selling Agent will be required to represent and agree that:

- (i) it has only communicated or caused to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**")) received by it in connection with the issue or sale of the Securities in circumstances in which section 21(1) of the FSMA would not, if the Issuer was not an authorised person, apply to the Issuer; and
- (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Securities in, from or otherwise involving the United Kingdom.

Australia

No information memorandum, prospectus or other disclosure document (as defined in the Corporations Act 2001 of Australia (the "**Corporations Act**")) in relation to the Securities has been or will be lodged with the Australian Securities and Investments Commission ("**ASIC**") or the Australian Securities Exchange Limited. The Securities may not be offered or sold, directly or indirectly, in the Commonwealth of Australia, its territories or possessions,

or to any resident of Australia, except by way of an offer or sale not required to be disclosed pursuant to Part 6D.2 or Part 7.9 of the Corporations Act.

Accordingly, each Dealer and/or Selling Agent has represented and agreed, and each further Dealer and/or Selling Agent appointed under the Programme will be required to represent and agree, that it:

- (i) has not, directly or indirectly, offered for issue or sale or invited applications for the issue of or for offers to purchase nor has it sold, the Securities;
- (ii) will not, directly or indirectly, offer for issue or sale or invite applications for the issue of or for offers to purchase nor will it sell the Securities; and
- (iii) has not distributed and will not distribute any draft, preliminary or definitive information memorandum, or any advertisement or other offering material, in Australia, its territories or possessions,

unless:

- (i) the amount payable for the Securities on acceptance of the offer by each offeree or invitee is a minimum amount of A\$500,000 (or its equivalent in another currency, disregarding amounts, if any, lent by the offeror or its associates) or the offer or invitation is otherwise an offer or invitation for which no disclosure is required to be made under Part 6D.2 or Part 7.9 of the Corporations Act and the Corporations Regulations made under the Corporations Act;
- (ii) the offer, invitation or distribution complies with all applicable laws, regulations and directives in relation to the offer, invitation or distribution and does not require any document to be lodged with ASIC; and
- (iii) the offer, invitation or distribution is not made to a person who is a "retail client" within the meaning of section 761G of the Corporations Act.

Brazil

The Securities may not be offered or sold to the public in Brazil and accordingly the offering of the Securities has not been submitted to the Brazilian Securities Commission for approval. Documents relating to the offering, as well as the information contained herein and therein may not be supplied to the public as a public offering in Brazil or be used in connection with any offer for subscription or sale to the public in Brazil.

The Securities may only be offered to residents of Brazil if (i) any such Brazilian residents are contacted solely on a private, personal and one-to-one basis; and (ii) any such offering does not use any telecommunication means directed to the public in general (such as mass mailing, public advertisements on the internet, in newspapers, or through other means), nor try to reach, by any manner, an undetermined number of investors, under the risk that any such actions be considered as an unauthorized public offer of the Securities in Brazil.

Chile

Neither the Issuers nor the Securities have been registered with the Superintendencia de Valores y Seguros pursuant to Law No. 18,045, the Ley de Mercado de Valores, and regulations thereunder. This document does not constitute an offer of, or an invitation to subscribe for or purchase, the Securities in the Republic of Chile, other than to individually identified investors pursuant to a private offering within the meaning of Article 4 of the Ley de Mercado de Valores (an offer that is not "addressed to the public at large or to a certain sector or specific group of the public").

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (Directive 2003/71/EC) (each, a "**Relevant Member State**"), the Dealer represents, warrants and agrees that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Securities to the public (within the meaning of that Directive) in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of Securities to the public in that Relevant Member State in circumstances which do not require the publication by the Issuer or the Dealer of a prospectus pursuant to the Prospectus Directive or pursuant to any applicable national law of any Relevant Member State.

France

This Programme Memorandum has not been prepared in connection with a public offering of securities (titres financiers) in France and no prospectus has been submitted for approval (visa) to the *Autorité des Marchés Financiers*. This Programme Memorandum may be made available, and the Securities may be offered or sold, in France by authorised persons only (A) to permitted investors consisting of (1) persons licensed to perform the investment service of asset management on behalf of third parties (*gestion de portefeuille pour compte de tiers*), (2) qualified investors (*investisseurs qualifiés*) acting for their own account and/or (3) a restricted circle of investors (*cercle restreint d'investisseurs*) acting for their own account, all as defined in, and in accordance with, Articles D. 411-1 to D. 411-4, D. 744-1, D. 754-1 and D. 764-1 of the French *Code monétaire et financier* or (B) in other circumstances which do not constitute a public offering pursuant to Article L. 411-2 of the French *Code monétaire et financier*. The direct or indirect resale to the public in France of the Securities may be made only as provided by Articles L. 411-1, L. 411-2, L. 412-1 and L. 621-8 to L. 621-8-3 of the French *Code monétaire et financier* and applicable regulations thereunder.

Italy

The offering of the Securities has not been registered pursuant to Italian securities legislation and, accordingly, no Securities may be offered, sold or delivered, nor may copies of this Programme Memorandum relating to the Securities or any other document relating to the Securities be distributed in the Republic of Italy, except:

- (a) to qualified investors (*investitori qualificati*) ("**Qualified Investors**"), as defined under Article 34-ter, paragraph 1, letter b), of CONSOB Regulation No. 11971 of 14 May 1999, as amended ("**Regulation 11971/1999**"); or
- (b) in circumstances which are exempted from the rules on offers of securities to be made to the public pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998 ("Financial Services Act") and Article 34-ter, first paragraph, of Regulation 11971/1999.

Any offer, sale or delivery of the Securities in the Republic of Italy or distribution of copies of this Programme Memorandum relating to the Securities or any other document relating to the Securities in the Republic of Italy under (a) and (b) above must be:

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 and Legislative Decree No. 385 of 1 September 1993, as amended; and
- (ii) in compliance with any other applicable laws and regulations.

Please note that, in accordance with Article 100-bis of the Financial Services Act, where no exemption under (b) above applies, the subsequent distribution of the Securities on the secondary market in Italy must be made in compliance with the rules on offers of securities to be made to the public provided under the Financial Services Act and the Regulation 11971/1999. Failure to comply with such rules may result, inter alia, in the sale of such Securities being declared null and void and in the liability of the intermediary transferring the Securities for any damages suffered by the investors.

Hong Kong

Each Dealer and/or Selling Agent has represented and agreed, and each further Dealer and/or Selling Agent appointed under the Programme will be required to represent and agree, that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong Special Administrative Region of the People's Republic of China ("**Hong Kong**"), by means of any document, any Securities other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (ii) it has not issued or had in its possession for the purposes of issue and will not issue or have in its possession for the purposes of issue any advertisement, invitation or document relating to the Securities, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be

accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made thereunder.

Luxembourg

This Programme Memorandum is strictly private and confidential. The Securities are being offered to institutional investors and high net worth investors, and may not be reproduced or used for any other purpose, nor provided for or sold to any person other than the recipient thereof. In Luxembourg, the Programme Memorandum has not been approved by the "*Commission de Surveillance du Secteur Financier*" and may not accordingly be used for direct or indirect offering or reselling of the Securities to the public in Luxembourg unless such offering or resale occurs in compliance with the Luxembourg Act of 10 July 2005 relating to prospectuses for securities. In addition, none of the Issuers constitute a Luxembourg undertaking for collective investment in accordance with the Luxembourg law dated 20 December 2002 on undertakings for collective investment.

Mexico

The Securities have not been offered or sold and will not be offered or sold in Mexico by any subsidiary of the Issuers.

The Securities have not and will not be registered with the National Registry of Securities maintained by the National Banking and Securities Commission of Mexico and have not and may not be publicly offered in Mexico. The Securities may only be offered in Mexico pursuant to a private placement to institutional and qualified investors in Mexico as such terms are defined by the Mexican Ley del Mercado de Valores.

Singapore

This Programme Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Programme Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Securities may not be circulated or distributed, nor may the Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), (ii) to a relevant person pursuant to section 275(1), or any person pursuant to section 275(1A), and in accordance with the conditions specified in section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Securities are subscribed or purchased under section 275 by a relevant person which is

(a) a corporation (which is not an accredited investor as defined under section 4A of the SFA) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor,

securities (as defined under section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (however described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the Securities pursuant to an offer made under section 275 except:

- (1) to an institutional investor or to a relevant person defined in section 275(2) of the SFA, or any person arising from an offer referred to in section 275(1A) or section 276(4)(i)(B) of the SFA;
- (2) where no consideration is given for the transfer;
- (3) where the transfer is by operation of law; or
- (4) as specified in section 276(7) of the SFA.

General

The offer and sale of the Securities will also be subject to such other restrictions on distribution and transfer as may be set out in the Pricing Supplement.

These selling restrictions may be modified by the agreement of the relevant Issuer and the Dealer(s) following a change in a relevant law, regulation or directive. Any such modification will be set out in the Pricing Supplement issued in respect of the issue of Securities to which it relates or in a supplement to this Programme Memorandum.

No representation is made that any action has been taken in any jurisdiction that would permit a public offering of any of the Securities, or possession or distribution of the Programme Memorandum or any other offering material or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required.

Each Dealer and/or Selling Agent will be required to agree that it will, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Securities or has in its possession or distributes the Programme Memorandum, any other offering material or any Pricing Supplement and neither the Issuer nor any other Dealer shall have responsibility therefor.

GENERAL INFORMATION

- 1 Credit Suisse AG, acting through its London Branch has obtained all necessary consents, approvals and authorisations in connection with the establishment of the Programme. The Programme is established and Securities will be issued in accordance with the Organisational Guideline and Regulation of Credit Suisse AG dated 28 May 2002. No specific resolution of the Board of Directors of Credit Suisse AG, acting through its London Branch is required.
- 2 Credit Suisse International has obtained all necessary consents, approvals and authorisations in connection with the establishment of the Programme. The establishment of the Programme is authorised pursuant to a resolution of the Board of Directors of Credit Suisse International dated 13 March 2006.
- 3 Copies of the Agency Agreement, Deeds of Covenant and most recent registration document of each Issuer will be available for inspection during normal business hours on any business day in the relevant local jurisdiction (except Saturdays, Sundays and legal holidays) at the offices of the Fiscal Agent, Principal Certificate Agent and Principal Warrant Agent.
- 4 Any Bearer Note with an original maturity of more than 183 days must bear the following legend:

"Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the Internal Revenue Code".

REGISTERED OFFICE OF CREDIT SUISSE AG

Credit Suisse AG
One Cabot Square
London E14 4QJ

**REGISTERED OFFICE OF CREDIT SUISSE
INTERNATIONAL**

Credit Suisse International
One Cabot Square
London E14 4QJ

FISCAL AGENT
Citibank Europe plc
1 North Wall Quay
Dublin 1
Ireland

PRINCIPAL CERTIFICATE AGENT
Citibank Europe plc
1 North Wall Quay
Dublin 1
Ireland

PRINCIPAL WARRANT AGENT
Citigroup Global Markets Deutschland AG & Co. KGaA
Reuterweg 16
30323 Frankfurt
Germany

LEGAL ADVISERS
as to English law and U.S. law

Ashurst LLP
Broadwalk House
5 Appold Street
London EC2A 2HA



Credit Suisse International

Unlisted Securities Programme (Unlimited Program Size)

This Supplement (the "**Supplement**") is supplemental to, and should be read in conjunction with, (i) the Listing Supplement dated 26 April 2018 (the "**Listing Supplement**") in respect of the unlisted securities programme (the "**Programme**") established by Credit Suisse International ("**CSi**" or the "**Issuer**") on 17 June 2011 for the issuance of notes (the "**Notes**") of CSi and Credit Suisse AG ("**CS**"), (ii) any other documents incorporated by reference therein and (iii) in relation to any particular Notes, the Pricing Supplement relating to those Notes. Capitalised terms used in this Supplement but not defined herein shall have the meanings ascribed to them in the Listing Supplement.

RISK FACTORS

The section in the Listing Supplement entitled "Risks associated with the creditworthiness of the Issuer" shall be replaced with the information below.

Risks associated with the creditworthiness of the Issuer

(a) General risks

The Notes are general unsecured obligations of the Issuer. Securityholders are exposed to the credit risk of the Issuer. The Notes will be adversely affected in the event of (i) a default, (ii) a reduced credit rating of the Issuer, (iii) increased credit spreads charged by the market for taking credit risk on the Issuer or (iv) a deterioration in the solvency of the Issuer.

If the Issuer either fails or is otherwise unable to meet its payment obligations, you may lose up to the entire value of your investment. The Notes are not deposits and are not protected under any deposit insurance or protection scheme.

(b) Risks relating to the Issuer

The Issuer faces a variety of risks that are substantial and inherent in its businesses, including liquidity risk, credit risk, market risk, country risk, non-financial risk, legal (including regulatory) risk, conduct risk, reputational risk and technology risk. These are described in more detail below.

The Issuer has direct access to funding sources of Credit Suisse AG and its consolidated subsidiaries (hereinafter "**CS AG Group**", "**CS**" or the "**Bank**" refer to Credit Suisse AG and its consolidated subsidiaries). The CS AG Group will ensure that the Issuer maintains a sound financial position and is able to meet its debt obligations for the foreseeable future. As a result, risks affecting the CS AG Group will also apply to the Issuer. The risk factors affecting the CS AG Group are set out on pages 40 to 56 of the 2022 CS Annual Report, which are incorporated by reference into the registration document of the Issuer dated 5 July 2023 (the "**CSi Registration Document**"). References in such risk factors to "CSG and its consolidated subsidiaries", "Credit Suisse" or the "Group" are also relevant to CS and its consolidated subsidiaries (including the Issuer). As such, references to "CSG and its consolidated subsidiaries", "Credit Suisse" and the "Group" in such risk factors should also be read as references to CS and its consolidated subsidiaries (including the Issuer), to the extent relevant following Credit Suisse Group AG ("**CSG**") was merged into UBS Group AG (the Issuer's indirect parent company, which is a holding company incorporated under Swiss law as a corporation (*Aktiengesellschaft*)) ("**UBS**") on 12 June 2023 (the "**Merger**") (taking account of the fact that, upon the consummation of the Merger, CSG ceased to exist).

As noted above, CSG ceased to exist upon consummation of the Merger. In the following risk factors, references to the "Group" refer, prior to the consummation of the Merger, to CSG and its consolidated subsidiaries (including the Issuer) and, after the consummation of the Merger, to the CS AG Group (including the Issuer).

(i) Liquidity risk

Overview

Liquidity risk is the risk that the Issuer will not be able to meet both expected and unexpected, current and future cash flow and collateral needs without affecting either daily operations or the financial condition of the firm. In this context, liquidity risk implies funding liquidity risk, not market liquidity risk.

For further information on liquidity risk management, refer to "ii) Liquidity Risk" in "40 – Financial Risk Management – Risks Detail" in the notes to the consolidated financial statements in the 2022 CSi Annual Report (as defined the CSi Registration Document, the same hereinafter).

The Issuer's liquidity could be impaired if it were unable to access the capital markets, sell its assets or if its liquidity costs increased

The Issuer's ability to borrow on a secured or unsecured basis and the cost of doing so can be affected by increases in interest rates or credit spreads, the availability of credit, regulatory requirements relating to liquidity, or the market perceptions of risk relating to the Issuer, certain of its counterparties or the banking sector as a whole, including its perceived or actual creditworthiness. An inability to obtain financing in the unsecured long-term or short-term debt capital markets, or to access the secured lending markets, could have a substantial adverse effect on the Issuer's liquidity. In challenging credit markets, the Issuer's funding costs may increase or it may be unable to raise funds to support or expand its businesses, adversely affecting its results of operations.

For further information, refer to "Operating Environment" in "Strategic Report – Credit Suisse International at a glance" in the 2022 CSi Annual Report. For further information relating to the first quarter of 2023, refer to "Credit Suisse – Other information – Credit Suisse and UBS to merge" and "Credit Suisse – Other information – Liquidity issues in 1Q23" in the CS AG Earnings Release 1Q23.

If the Issuer is unable to raise needed funds in the capital markets (including through offerings of equity, regulatory capital securities and other debt), it may need to liquidate unencumbered assets to meet its liabilities. In a time of reduced liquidity, the Issuer may be unable to sell some of its assets, or it may need to sell assets at depressed prices, which, in either case, could adversely affect its results of operations and financial condition.

Significant negative consequences of liquidity issues and outflows in assets under management in the fourth quarter of 2022

During the fourth quarter of 2022, the Group began experiencing significantly higher withdrawals of cash deposits, non-renewal of maturing time deposits and net asset outflows at levels that substantially exceeded the rates incurred in the third quarter of 2022. These outflows stabilised to much lower levels but had not yet reversed as of the end of the fourth quarter of 2022. These outflows led the Group to partially utilise liquidity buffers at the Group and legal entity level, and the Group fell below certain legal entity-level regulatory requirements.

These circumstances have exacerbated and may continue to exacerbate the risks described above in this section. In addition, this reduction in assets under management is expected to lead to reduced net interest income and recurring commissions and fees for the Group, which in turn could affect the Issuer's ability to achieve its capital position objectives. A failure to reverse these outflows and to restore the Group's assets under management and deposits could have a material adverse effect on the Issuer's results of operations and financial condition.

For further information, refer to "Liquidity issues in the fourth quarter of 2022" and "Outflows in assets under management in the fourth quarter of 2022" in "II – Operating and financial review – Credit Suisse – Other information" in the 2022 CS Annual Report. For further information relating to the first quarter of 2023, refer to "Credit Suisse – Other information – Liquidity issues in 1Q23" in the CS AG Earnings Release 1Q23.

During the first quarter of 2023, the financial stability of Credit Suisse AG, and CSG, reached a critical point which triggered UBS to enter into an agreement to merge with CSG. During this period CSG was reliant on funding from the Swiss government and the Swiss National Bank. CSG and CS AG concluded they were operating as a going concern, but that this assessment was dependent on the successful closing of the merger which has now been consummated.

For further information, refer to "Going Concern" in "Notes to the Financial Statements for the year ended 31 December 2022 – Note 2 Significant Accounting Policies" in the 2022 CSi Annual Report.

(ii) **Archegos and SCFF-related risks**

Significant negative consequences of the supply chain finance funds and US based hedge fund matters

As previously reported, the Group incurred a net charge of CHF 4.8 billion in 2021 in respect of the US-based hedge fund matter described on page 400 (PDF page 408) of the 2022 CS Annual Report ("**Archegos**"). The Group also previously reported that it is reasonably possible that it will incur a loss in respect of the Supply Chain Finance Funds ("**SCFF**") matter, though it is not yet possible to estimate the full extent of any loss. However, the ultimate cost of resolving the SCFF matter may be material to the Group's operating results.

A number of regulatory and other inquiries, investigations, enforcement and other actions have been initiated or are being considered in respect of each of these matters. In addition, Credit Suisse AG has been required by FINMA to take certain capital and related actions, as well as certain remedial measures. Furthermore, the Group is subject to various litigation claims and criminal complaints in respect of these matters and it may become subject to additional litigation, disputes or other actions.

On 29 July 2021, the Group published the report based on the independent external investigation into Archegos, which found, among other things, a failure to effectively manage risk in the Investment Bank's prime services business by both the first and second lines of defence as well as a lack of risk escalation. On 10 February 2022, the Group announced that the separate report related to the SCFF matter had been completed and that the findings had been made available to the Board of Directors of CSG (the "**CSG Board**") and the report was shared with FINMA.

The combined effect of these two matters, including the material loss incurred in respect of Archegos, may have other material adverse consequences for the Group, including negative effects on its business and operating results from actions that the Group has taken and may be required or decide to take in the future in response to these matters. In addition, the CSG Board conducted a review of the Group's business strategy and risk appetite. There can be no assurance that these or other measures instituted to manage related risks will be effective in all instances.

There can be no assurance that any additional losses, damages, costs and expenses, as well as any further regulatory and other investigations and actions or any further downgrade of CS's credit ratings, will not be material to CS, including from any impact on its business, financial condition, results of operations, prospects, liquidity, capital position or reputation. For example, the Issuer has suffered and may continue to suffer reputational harm and reductions in certain areas of its business, such as outflows of assets, attributable, at least in part, to these matters. The ongoing effect of these matters, and this harm and these reductions, can continue to affect its business overall, including the Issuer's ability to attract and retain customers, clients, investors and employees and to conduct business transactions with the Issuer's counterparties. The Issuer's employee attrition has been higher over the last year, undoubtedly owing at least in part to these matters. While steps the Group has taken in response to the Archegos and SCFF matters are designed to reduce the Group's risks, some of these changes will constrain certain areas of its business, thereby impacting negatively its results of operations. These challenges are taking place in the context of worsening macroeconomic and market conditions, potentially amplifying some of the negative consequences noted above.

For further information on Archegos matters, refer to the 2022 CS Annual Report.

(iii) **Credit risk**

Credit risk is the risk of a loss arising as a result of a borrower or counterparty failing to meet its financial obligations or as a result of deterioration in the credit quality of the borrower or counterparty.

For further information on credit risk management and risk mitigation, refer to "iv) Credit Risk" in "Note 40 – Financial Risk Management – Risks Detail" in the notes to the consolidated financial statements in the 2022 CSi Annual Report.

The Issuer may suffer significant losses from its credit exposures

The Issuer's businesses are subject to the fundamental risk that borrowers and other counterparties will be unable to perform their obligations. The Issuer's credit exposures exist across a wide range of transactions that it engages in with a large number of clients and counterparties, including lending relationships, commitments and letters of credit, as well as derivative, currency exchange and other transactions. The Issuer's exposure to credit risk can be exacerbated by adverse economic or market trends, as well as increased volatility in relevant markets or instruments. For example, adverse economic effects arising from rising inflation and recession risk, disruptions to economic activity, global supply chain issues and labour shortages, will likely continue to negatively impact the creditworthiness of certain counterparties and result in increased credit losses for the Issuer's businesses.

In addition, disruptions in the liquidity or transparency of the financial markets may result in the Issuer's inability to sell, syndicate or realise the value of its positions, thereby leading to increased concentrations. Any inability to reduce these positions may not only increase the market and credit risks associated with such positions, but also increase the level of risk-weighted assets ("**RWA**") on the Issuer's balance sheet, thereby increasing its capital requirements, all of which could adversely affect its businesses.

The Issuer's regular review of the creditworthiness of clients and counterparties for credit losses does not depend on the accounting treatment of the asset or commitment. Changes in creditworthiness of loans and loan commitments that are fair valued are reflected in trading revenues.

The Group's accounting standards generally require management to estimate lifetime current expected credit losses ("**CECL**") on the Group's credit exposure held at amortised cost, which may result in volatility in earnings and capital levels. The determination by the Group's management of the provision for credit losses and the related estimation and application of forward-looking information requires quantitative analysis and significant expert judgment. The Group's estimation of expected credit losses is based on a discounted probability-weighted estimate that considers macroeconomic scenarios. The scenarios are probability-weighted according to the Group's best estimate of their relative likelihood based on historical frequency, an assessment of the current business and credit cycles as well as the macroeconomic factor trends. Expected credit losses are not solely derived from macroeconomic factor projections. Model overlays based on expert judgment are also applied, considering historical loss experience and industry and counterparty reviews. Such overlays are designed to address circumstances where in management's judgment the CECL model outputs are overly sensitive to historical averages. Overlays may also be used to capture judgment on the economic uncertainty from global or regional developments with severe impacts on economies. The Group can suffer unexpected losses if the models and assumptions that are used to estimate its allowance for credit losses are not sufficient to address its credit losses.

Moreover, Management's determination of the provision for loan losses is subject to significant judgement and Management may not accurately assess or mitigate all areas of exposure. The Issuer's banking businesses may need to increase their provisions for loan losses or may record losses in excess of the previously

determined provisions if their original estimates of loss prove inadequate, which could have a material adverse effect on the Issuer's results of operations.

For further information, refer to "i) Impairment of financial assets, loan commitments and financial guarantees" in "Notes to the Financial Statements for the year ended 31 December 2022 – Note 2 Significant Accounting Policies" in the 2022 CSi Annual Report.

Under certain circumstances, the Issuer may assume long-term credit risk, extend credit against illiquid collateral and price derivative instruments aggressively based on the credit risks that it takes. As a result of these risks, the Issuer's capital and liquidity requirements may continue to increase.

Defaults by one or more large financial institutions could adversely affect financial markets generally and the Issuer specifically

Concerns, rumours about or an actual default by one institution could lead to significant liquidity problems, losses or defaults by other institutions because the commercial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships between institutions. This risk is typically referred to as systemic risk. Concerns about defaults by and failures of many financial institutions could lead to material losses or defaults by financial institutions and financial intermediaries with which the Issuer interacts on a daily basis, such as clearing agencies, clearing houses, banks, securities firms and exchanges. The Issuer's credit risk exposure will also materially increase if the collateral it holds cannot be realised or can only be liquidated at prices insufficient to cover the full amount of the exposure.

(iv) **Market risk**

Market risk is the risk of a loss arising from fair-valued financial instruments in response to adverse changes in interest rates, credit spreads, foreign currency exchange rates, equity and commodity prices and other relevant market parameters, such as volatilities and correlations.

For further information on market risk management, refer to "i) Market Risk" in "Note 40 – Financial Risk Management – Risks Detail" in the notes to the consolidated financial statements in the 2022 CSi Annual Report.

The Issuer may incur significant losses on its trading and investment activities due to market fluctuations and volatility

Although the Issuer continues to strive to reduce its balance sheet and has made significant progress in implementing its strategy over the past few years, the Issuer also continues to maintain large trading and investment positions and hedges in the debt, currency and equity markets, and in private equity, hedge funds, real estate and other assets. These positions could be adversely affected by volatility in financial and other markets, that is, the degree to which prices fluctuate over a particular period in a particular market, regardless of market levels. To the extent that the Issuer owns assets, or has net long positions, in any of those markets, a downturn in those markets could result in losses from a decline in the value of its net long positions. Conversely, to the extent that the Issuer has sold assets that it does not own, or has net short positions, in any of those markets, an upturn in those markets could expose the Issuer to potentially significant losses as it attempts to cover its net short positions by acquiring assets in a rising market. Market fluctuations, downturns and volatility can adversely affect the fair value of the Issuer's positions and its results of operations. Adverse market or economic conditions or trends have caused, and in the future may cause, a significant decline in the Issuer's net revenues and profitability.

The Issuer's hedging strategies may not prevent losses

If any of the variety of instruments and strategies the Issuer uses to hedge its exposure to various types of risk in its businesses are not effective, the Issuer may incur losses. The Issuer may be unable to purchase hedges or be only partially hedged, or its hedging strategies may not be fully effective in mitigating its risk exposure in all market environments or against all types of risk.

The Issuer takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows

Foreign currency exchange rates are impacted by macro factors such as changes in interest rates, results or anticipated results of elections, political stability and economic growth, as well as changes in stock markets, the actions of central banks and the supply and demand of the currencies in question. If the Issuer fails to hedge or otherwise manage its exposure to fluctuations in foreign currency exchange rates effectively, this may have an impact on the Issuer's financial condition and results of operations, which could, in turn, lead to a decrease in the value of its securities.

For further information on currency risk management, refer to "iii) Currency Risk" in "Note 40 – Financial Risk Management – Risks Detail" in the notes to the consolidated financial statements in the 2022 CSi Annual Report.

Market risk may increase the other risks faced by the Issuer

If the Issuer were to incur substantial trading losses, for example, its need for liquidity could rise sharply while its access to liquidity could be impaired. Moreover, in conjunction with another market downturn, the Issuer's customers and counterparties could also incur substantial losses of their own, thereby weakening their financial condition and increasing the Issuer's credit and counterparty risk exposure to them.

Uncertainties regarding the discontinuation of benchmark rates may adversely affect the Issuer's business, financial condition and results of operations and may require adjustments to its agreements with clients and other market participants, as well as to its systems and processes

In July 2017, the UK Financial Conduct Authority (the "FCA"), which regulates the London Inter-Bank Offered Rate ("LIBOR"), announced that it will no longer compel banks to submit rates for the calculation of the LIBOR benchmark after year-end 2021. Other Inter-Bank Offered Rates ("IBORs") may also be permanently discontinued or cease to be representative. As of 1 January 2022, all Swiss Franc ("CHF"), Euro ("EUR"), Pound Sterling ("GBP") and Japanese Yen ("JPY") LIBOR settings and the one-week and two-month USD LIBOR settings are no longer available on a representative basis. The remaining USD LIBOR settings will permanently cease to be provided by any administrator or will no longer be representative immediately after 30 June 2023. The FCA has also proposed to continue requiring the publication of synthetic USD LIBOR until 30 September 2024, potentially providing more time to remediate legacy contracts, although such proposal is yet to be confirmed. However, there is no certainty that the extended period of time to transition to alternative reference rates ("ARRs") is sufficient given how widely USD LIBOR is referenced.

A number of initiatives have been developed to support the transition, such as the publication by the International Swaps and Derivatives Association, Inc. ("ISDA") of Supplement number 70 to the 2006 ISDA Definitions (the "IBOR Supplement") and the accompanying IBOR Protocol (the "IBOR Protocol"). Although these measures may help facilitate the derivatives markets' transition away from IBORs, the Group's clients and other market participants may not adhere to the IBOR Protocol or may not be otherwise willing to apply the provisions of the IBOR Supplement to relevant documentation. Furthermore, no similar multilateral mechanism exists to amend legacy loans or bonds, many of which must instead be amended individually, which may require the consent of multiple lenders or bondholders. As a consequence, there can be no assurance that market participants, including the Issuer, will be

able to successfully modify all outstanding IBOR referencing contracts or otherwise be sufficiently prepared for the uncertainties resulting from cessation, potentially leading to disputes. Legislation has been proposed or enacted in a number of jurisdictions to address affected contracts without robust fallback provisions. For example, the United States has enacted the Adjustable Interest Rate (LIBOR) Act of 2021 (the "**LIBOR Act**") providing for the replacement of USD LIBOR-based benchmarks in certain agreements by operation of law. However, the scope of this legislation is limited. In addition, it is uncertain whether, when and how other jurisdictions will enact similar legislation. Furthermore, the terms and scope of existing and future legislative solutions may be inconsistent and potentially overlapping.

The Group's legacy non-USD LIBOR portfolio has been successfully transitioned to alternative reference rates without reliance on synthetic LIBOR. With respect to USD LIBOR settings, the Secured Overnight Financing Rate ("**SOFR**"), the alternative reference rate recommended by the Alternative Reference Rates Committee ("**ARRC**"), has already gained a significant foothold in the markets. With regulatory pressure to move new trading activity away from LIBOR, except in certain limited circumstances, SOFR has become the dominant market rate even ahead of the official cessation date for USD LIBOR.

The Group has a significant level of liabilities and assets linked to USD LIBOR, and whilst most of the legacy portfolio has a reduced level of transition risk due to the presence of robust fallback provisions, certain risks associated with the transition may still exist, including financial, legal, tax, operational and conduct risks. The majority of the portfolio is made up of derivative contracts and where most counterparts have already adhered to the ISDA 2020 IBOR Fallbacks Protocol or to the June 2022 Benchmark Module to the ISDA 2021 Fallbacks Protocol, which reduces contractual uncertainty around the discontinuation of USD LIBOR.

The discontinuation of IBORs or future changes in the administration of benchmarks could result in adverse consequences to the return on, value of and market for securities, credit instruments and other instruments whose returns or contractual mechanics are linked to any such benchmark, including those issued and traded by the Issuer. For example, ARR-linked products may not provide a term structure and may calculate interest payments differently than benchmark-linked products, which could lead to greater uncertainty with respect to corresponding payment obligations. The transition to ARRs also raises concerns of liquidity risk, which may arise due to slow acceptance, take-up and development of liquidity in products that use ARRs, leading to market dislocation or fragmentation. It is also possible that such products will perform differently to IBOR products during times of economic stress, adverse or volatile market conditions and across the credit and economic cycle, which may impact the value, return on and profitability of the Issuer's ARR-based assets. The transition to ARRs also requires a change in contractual terms of existing products currently linked to IBORs.

Further, the replacement of IBORs with an ARR in existing securities and other contracts, or in internal discounting models, could negatively impact the value of and return on such existing securities, credit instruments and other contracts and result in mispricing and additional legal, financial, tax, operational, market, compliance, reputational, competitive or other risks to the Issuer, its clients and other market participants. For example, the Issuer may face a risk of litigation, disputes or other actions from clients, counterparties, customers, investors or others regarding the interpretation or enforcement of related contractual provisions or if it fails to appropriately communicate the effect that the transition to ARRs will have on existing and future products. Further, litigation, disputes or other action may occur as a result of the interpretation or application of legislation, in particular, if there is an overlap between legislation introduced in different jurisdictions. In addition, the transition to ARRs requires changes to the Issuer's documentation, methodologies, processes, controls, systems and operations, which has resulted and may continue to result in increased effort and cost. There may also be related risks that arise in connection with the transition. For example, the Issuer's hedging

strategy may be negatively impacted or market risk may increase in the event of different ARR's applying to its assets compared to its liabilities. In particular, the Issuer's swaps and similar instruments that reference an IBOR and that are used to manage long-term interest rate risk related to its credit instruments could adopt different ARR's than the related credit instruments, resulting in potential basis risk and potentially making hedging its credit instruments more costly or less effective.

For further information, refer to "vii) Non-financial risk – Replacement of interbank offered rates ('IBOR')" in "Note 40 – Financial Risk Management – Risks Detail" in the notes to the consolidated financial statements in the 2022 CSi Annual Report.

Country risk

Country risk is the risk of a substantial, systemic loss of value in the financial assets of a country or group of countries, which may be caused by dislocations in the credit, equity and/or currency markets.

For further information on market risk management, refer to "v) Country Risk" in "Note 40 – Financial Risk Management – Risks Detail" in the notes to the consolidated financial statements in the 2022 CSi Annual Report.

CSi's businesses and organisation are subject to the risk of loss from adverse market conditions and unfavourable economic, monetary, political, legal, regulatory and other developments in the countries in which it operates

As part of a global financial services company, the Issuer's businesses could be materially adversely affected by unfavourable global and local economic and market conditions, including the risk of global recession, as well as geopolitical events and other developments in Europe, the United States of America (the "US"), Asia and elsewhere around the world (even in countries in which it does not currently conduct business). For example, the protraction or escalation of the conflict related to Russia's invasion of Ukraine could lead to additional regional and/or global instability, as well as adversely affect commodity and other financial markets or economic conditions. The United States ("US"), the European Union ("EU"), the United Kingdom ("UK"), Switzerland and other countries have imposed, and may further impose, financial and economic sanctions and export controls targeting certain Russian entities, individuals, and/or sectors, and the Issuer may face additional restrictions on engaging with consumers and/or institutional businesses due to any current or impending sanctions and laws (including any Russian countermeasures), which could adversely affect its business. The Issuer's financial condition and results of operations could be materially adversely affected if these conditions do not improve, or if they stagnate or worsen. Further, various countries in which the Issuer operates or invests have experienced severe economic disruptions particular to that country or region, including extreme currency fluctuations, increased energy costs, high inflation, or low or negative economic growth, among other negative conditions, which could have an adverse effect on the Issuer's operations and investments. Global equity markets continued their downward trend in 2022, and volatility increased. The economic environment may experience further volatility, increased inflation or other negative economic impacts.

In Europe, political uncertainty, including in relation to the UK's withdrawal from the EU, remains elevated and could cause disruptions in market conditions in Europe and around the world and could further have an adverse impact on financial institutions (including the Issuer). The economic and political impact of the UK leaving the EU, including on investments and market confidence in the UK and the remainder of the EU, may adversely affect the Issuer's future results of operations and financial condition.

Global, macroeconomic developments may impact the Issuer's operations and businesses, such as inflation concerns, recession risk, energy supply disruptions, Russia's invasion of Ukraine, developments in the Chinese economy and both

transitional and physical climate-related risks. For further information on macro-economic risks, refer to "Principal risks and uncertainties – Key risk developments" in the 2022 CSi Annual Report.

In addition to the macroeconomic factors discussed above, other political, social and environmental developments beyond the Issuer's control, including terrorist attacks, cyber-attacks, military conflicts, diplomatic tensions, including any escalation of tensions between China and Taiwan, economic or political sanctions, disease pandemics, political or civil unrest and widespread demonstrations, climate change, natural disasters, or infrastructure issues, such as transportation or power failures, could have a material adverse effect on economic and market conditions, market volatility and financial activity, with a potential related effect on its businesses and results. In addition, as wage pressures, rising inflation, the escalating conflict between Russia and Ukraine, rise, compliance with legal or regulatory obligations in one jurisdiction may be seen as supporting the law or policy objectives of that jurisdiction over another jurisdiction, creating additional risks for CS's business.

The Issuer may face significant losses in emerging markets

An element of the Group's strategy is to increase its wealth management businesses in emerging market countries. The Group's implementation of this strategy will increase the Issuer's existing exposure to economic instability in those countries. The Issuer monitors these risks and seeks diversity in the sectors in which it invests. The Issuer's efforts at limiting emerging market risk, however, may not always succeed. In addition, various emerging market countries have experienced and may continue to experience severe economic, financial and political disruptions or slower economic growth than in previous years, including significant devaluations of their currencies, defaults or threatened defaults on sovereign debt and capital and currency exchange controls. In addition, sanctions have been imposed on certain individuals and companies in these markets that prohibit or restrict dealings with them and certain related entities or activities and further sanctions are possible. The possible effects of any such disruptions may include an adverse impact on the Issuer's businesses and increased volatility in financial markets generally.

For further information on country risk management, refer to "v) Country Risk" in "Note 40 – Financial Risk Management – Risks Detail" in the notes to the consolidated financial statements in the 2022 CSi Annual Report.

Non-Financial risk

Non-financial risk is the risk of a loss resulting from inadequate or failed internal processes, people and systems or from external events.

For further information, refer to "vii) Non-financial risk" in "Note 40 – Financial Risk Management – Risks Detail" in the notes to the consolidated financial statements in the 2022 CSi Annual Report.

The Issuer's risk management procedures and policies may not be fully effective in mitigating its risk exposures in all market environments or against all types of risk, which can result in unexpected, material losses in the future

The Issuer seeks to monitor and control its risk exposure through a broad and diversified set of risk management policies and procedures as well as hedging strategies, including the use of models in analysing and monitoring the various risks it assumes in conducting its activities. These risk management strategies, techniques, models, procedures and policies, however, may not be fully effective in mitigating its risk exposure in all economic market environments or against all types of risk, including risks that we fail to identify, anticipate or mitigate, in whole or in part, which may result in unexpected, material losses.

Some of the Issuer's quantitative tools and metrics for managing risk, including value-at-risk and economic risk capital, are based upon its use of observed historical market behaviour. Its risk management tools and metrics may fail to predict important risk exposures. In addition, its quantitative modelling does not take all risks into account and makes numerous assumptions and judgments regarding the overall environment, and therefore cannot anticipate every market development or event or the specifics and timing of such outcomes. As a result, risk exposures could arise from factors it did not anticipate or correctly evaluate in the Issuer's statistical models. This could limit the Issuer's ability to manage its risks, and in these and other cases, it can also be difficult to reduce risk positions due to the activity of other market participants or widespread market dislocations. As a result, losses may be significantly greater than what the historical measures may indicate.

In addition, inadequacies or lapses in risk management procedures and policies can expose the Issuer to unexpected losses, and its financial condition or results of operations could be materially and adversely affected. For example, in respect of the Archegos matter, the independent report found, among other things, a failure to effectively manage risk in the Investment Bank's prime services business by both the first and second lines of defence as well as a lack of risk escalation. Such inadequacies or lapses can require significant resources and time to remediate, lead to noncompliance with laws, rules and regulations, attract heightened regulatory scrutiny, expose us to regulatory investigations or legal proceedings and subject us to litigation or regulatory fines, penalties or other sanctions, or capital surcharges or add-ons. In addition, such inadequacies or lapses can expose the Issuer to reputational damage. If existing or potential customers, clients or counterparties believe its risk management is inadequate, they could take their business elsewhere or seek to limit their transactions with the Issuer, which could have a material adverse effect on its results of operation and financial condition.

For further information on value-at-risk, refer to "Measurement of traded market risk" in "Note 40 – Financial Risk Management – Risks Detail – i) Market Risk" in the notes to the consolidated financial statements in the 2022 CSi Annual Report.

The Issuer's actual results may differ from its estimates and valuations

The Issuer makes estimates and valuations that affect its reported results, including determining the fair value of certain assets and liabilities, establishing provisions for contingencies and losses for loans, litigation and regulatory proceedings, accounting for goodwill and intangible asset impairments, evaluating its ability to realise deferred tax assets, valuing equity-based compensation awards, modelling its risk exposure and calculating expenses and liabilities associated with its pension plans. These estimates are based on judgement and available information, and its actual results may differ materially from these estimates.

For further information on these estimates and valuations, refer to "Note 3 – Critical Accounting Estimates and Judgements in Applying Accounting Policies" in the notes to the consolidated financial statements in the 2022 CSi Annual Report.

The Issuer's estimates and valuations rely on models and processes to predict economic conditions and market or other events that might affect the ability of counterparties to perform their obligations to the Issuer or impact the value of assets. To the extent the Issuer's models and processes become less predictive due to unforeseen market conditions, illiquidity or volatility, the Issuer's ability to make accurate estimates and valuations could be adversely affected.

The Issuer's accounting treatment of off-balance sheet entities may change

The Issuer enters into transactions with special purpose entities ("SPEs") in its normal course of business, and certain SPEs with which it transacts and conducts business are not consolidated and their assets and liabilities are off-balance sheet. The Issuer may have to exercise significant management judgement in applying relevant accounting consolidation standards, either initially or after the occurrence

of certain events that may require the Issuer to reassess whether consolidation is required. If the Issuer is required to consolidate an SPE, its assets and liabilities would be recorded on the Issuer's consolidated balance sheets and the Issuer would recognise related gains and losses in its consolidated statements of operations, and this could have an adverse impact on the Issuer's results of operations and capital and leverage ratios.

For further information on the extent of the Issuer's transactions with and commitments to SPEs, refer to "Note 36 – Interests in Other Entities" in the notes to the consolidated financial statements in the 2022 CSi Annual Report.

The Issuer is exposed to Environmental, Social and Governance ("ESG") risks, including climate change, which could adversely affect its business operations, reputation, clients and customers, as well as the creditworthiness of its counterparties

The Issuer operates in many regions, countries and communities around the world where its businesses, and the activities of its clients, could be impacted by climate change and broader ESG-related issues. These issues pose both short- and long-term risks to the Issuer and its clients. Climate change could expose the Issuer to financial risk either through its physical (e.g., climate or weather-related events) or transition (e.g., changes in climate policy or in the regulation of financial institutions with respect to climate change risks) effects. Transition risks could be further accelerated by the increasingly frequent occurrence of changes in the physical climate, such as hurricanes, floods, wildfires and extreme temperatures.

Physical and transition climate risks could have a financial impact on the Issuer either directly, through its physical assets, costs and operations, or indirectly, through its financial relationships with its clients. These risks are varied and include, but are not limited to, the risk of declines in values and/or liquidity of assets, including in connection with the Issuer's real estate investments, credit risk associated with loans and other credit exposures to its clients, business risk, including loss of revenues associated with reducing exposure to traditional business with clients that do not have a credible transition plan, decrease in assets under management if such clients decide to move assets away and increased defaults and reallocation of capital as a result of changes in global policies, and regulatory risk, including ongoing legislative and regulatory uncertainties and changes regarding climate risk management and best practices. Additionally, the risk of reduced availability of insurance, operational risk related to the Issuer-owned buildings and infrastructure, the risk of significant or prolonged interruptions to business operations, as well as the need to make changes in response to those consequences are further examples of climate-related risks.

The Issuer continues to undertake efforts to address climate change and build a climate-resilient business model, with its climate efforts being centred around its ambition to reach net zero emissions by 2050 in line with a 1.5°C trajectory across its financing activities as well as its own operations and supply chain. The Group also committed to developing interim science-based 2030 goals for key sectors and to defining the corresponding transition strategies that are required to enable achievement of these goals. The Issuer will align its strategy to support the Group in meeting these targets.

In order to reach these ambitions and goals or any other related aspirations the Group may set from time to time, the Issuer will need to incorporate climate considerations into its business strategy, products and services, as well as its financial and non-financial risk management processes, and hire and train employees with the skills and qualifications to help the Group achieve its ambitions and goals, and it may incur significant cost and effort in doing so. At the same time, data relating to ESG, including climate change, may be limited in availability and variable in quality and consistency, and methodologies and capabilities for modelling and analysing climate-related risks remain in the development stages,

which may limit the Issuer's ability to perform robust climate-related risk and other sustainability risk analyses and realise its ambitions and goals.

Further, national and international standards, industry and scientific knowledge and practices, regulatory requirements and market expectations regarding ESG initiatives are under continuous development, may rapidly change and are subject to different interpretations. Although the Group has adopted its ESG strategy based upon what it believes are current criteria, there can be no assurance that such standards, knowledge, practices, regulatory requirements and market expectations will not be interpreted differently than the Group's interpretation when setting its related goals and ambitions, or requires the Group to adjust its goals and ambitions or change in a manner that substantially increases the cost or effort for the Issuer to achieve such goals and ambitions, or that the Group's goals and ambitions may prove to be considerably more difficult or even impossible to achieve. This may be exacerbated if the Group chooses or is required to accelerate its goals and ambitions or change its approach based on national or international regulatory developments, stakeholder expectations or business trends, including as they may change over time.

Given the growing volume of nascent climate and sustainability-related laws, rules and regulations, increasing demand from various stakeholders for environmentally sustainable products and services and regulatory scrutiny, the Issuer and other financial institutions may be subject to increasing litigation, enforcement and contract liability risks in connection with climate change, environmental degradation and other ESG-related issues. For example, the issue of climate risk at financial institutions has received sharpened focus from regulators and other governmental authorities, as evidenced by proposed rules related to disclosure and management of climate-related risks put forth by various regulatory bodies, including in the US, the EU, Switzerland and Asia Pacific. In addition, the public holds diverse and often conflicting views on ESG-related issues, and, the Issuer's reputation and client relationships may be damaged by its, or its clients', involvement in certain business activities associated with climate change and other ESG-related issues or as a result of negative public sentiment, regulatory scrutiny or reduced investor and stakeholder confidence due to its response to climate change and its climate change strategy.

Beyond climate impacts, the Issuer may also be impacted by human rights risks, including discrimination, particularly with respect to its employees and its clients, as well as modern slavery in its supply chains and those of the Issuer's clients. The Issuer's employees, business and reputation may be negatively impacted by a failure to adequately manage these risks, which failure may result in challenges related to hiring and retention of employees. Moreover, any existing global tensions with respect to human rights, such as between the US and China, may be exacerbated for the Issuer, given its global reach and presence in various markets around the world.

If the Issuer fails to appropriately measure and manage the various risks it faces as a result of climate change, and other ESG-related issues, fails or is perceived by stakeholders to have failed to prioritise the "correct" ESG-related goals fails to achieve the goals and ambitions it or the Group has set (or can only do so at a significant expense to its business), or fails to adapt its strategy and business model to the changing regulatory requirements and market expectations, the Issuer's reputation, business, results of operations and financial condition could be materially adversely affected including, with respect to climate-related risks, given the unpredictability of the timing, nature and severity of climate change impacts.

For further information on these estimates and valuations, refer to "Climate Change" in "Strategic Report – Risk Management" in the 2022 CSi Annual Report.

Legal (including Regulatory) risk

The Issuer's exposure to legal liability is significant

The Issuer faces significant legal risks in its businesses, and the volume and amount of damages claimed in litigation, regulatory proceedings and other adversarial proceedings against financial services firms may continue to increase in many of the principal markets in which the Issuer operates.

The Group, including the Issuer, is subject to a number of material legal proceedings, regulatory actions and investigations, and an adverse result in one or more of these proceedings could have a material adverse effect on the Group's operating results for any particular period, depending, in part, on its results for such period.

For further information relating to these and other legal and regulatory proceedings, refer to "8 – Legal and Arbitration Proceedings" in the CSi Registration Document and "Note 35 — Contingent Liabilities, Guarantees and Commitments" in notes to the consolidated financial statements in the 2022 CSi Annual Report.

It is inherently difficult to predict the outcome of many of the legal, regulatory and other adversarial proceedings involving the Group's businesses, particularly difficult to predict in those cases in which the matters are brought on behalf of various classes of claimants, seek damages of unspecified or indeterminate amounts or involve novel legal claims. Management is required to establish, increase or release reserves for losses that are probable and reasonably estimable in connection with these matters, all of which requires the application of significant judgement and discretion.

For further information, refer to "Note 3 – Critical accounting estimates and judgements in applying accounting policies" and "Note 2 – Significant accounting policies" in the notes to the consolidated financial statements in the 2022 CSi Annual Report.

If the Issuer fails to manage its legal risk effectively, this may have an impact on the Issuer's financial condition and results of operations, which could in turn lead to a decrease in the value of its securities

Legal risks include, among other things, the risk of litigation (for example, as a result of mis-selling claims); disputes (for example, over the terms of legacy trades); the inadequacy of transaction documentation (for example, ambiguous terms); unenforceability (for example, of security arrangements); uncertainty with respect to applicable laws and regulations (including change in laws or regulations); and employee disputes. Some of these risks result in claims which the Issuer defends, settles or results in actual litigation that, in each case, the Group may incur legal expenses to defend.

If a transaction which the Issuer has entered into is determined to be unenforceable against a counterparty, there is an increased risk that other counterparties which have entered into similar transactions will seek to have those transactions set aside. This may also lead to regulatory scrutiny of such transactions, all of which could lead to significant costs for the Issuer, even where the outcome is determined in its favour.

For further information relating to legal and regulatory proceedings, refer to "Note 35 — Contingent Liabilities, Guarantees and Commitments" in notes to the consolidated financial statements in the 2022 CSi Annual Report.

The Issuer's business is highly regulated, and existing, new or changed laws, rules and regulations may adversely affect the Issuer's business and ability to execute its strategic plans

As a participant in the financial services industry, the Issuer is subject to extensive laws, rules and regulations by governments, governmental agencies, supervisory authorities and self-regulatory organisations around the world. It has in the past

faced, and expects to continue to face, increasingly extensive and complex laws, rules, regulations and regulatory scrutiny and possible enforcement actions, including an evolving and complex set of sanctions regimes. In recent years, costs related to compliance with these requirements and the penalties and fines sought and imposed on the financial services industry by regulatory authorities have increased significantly. It expects such increased regulation and enforcement to continue to increase costs, including, but not limited to, costs related to compliance, systems and operations, and to negatively affect the Issuer's ability to conduct certain types of business. These increased costs and negative impacts on the Issuer's business could adversely affect its profitability and competitive position. These laws, rules and regulations often serve to limit activities, including through the application of increased or enhanced capital, leverage and liquidity requirements, the implementation of additional capital surcharges for risks related to operational, litigation, regulatory and similar matters, customer protection and market conduct regulations, anti-money laundering, anti-corruption and anti-bribery laws, rules and regulations, compliance with evolving ESG standards and requirements and direct or indirect restrictions on the businesses in which the Issuer may operate or invest. Such limitations can have a negative effect on the Issuer's business and its ability to implement strategic initiatives. To the extent that disinvestment is required from certain businesses, losses could be incurred, as the Issuer may be forced to sell such businesses at a discount, which in certain instances could be substantial, as a result of both the constrained timing of such sales and the possibility that other financial institutions are liquidating similar investments at the same time. If this happens, this may have an impact on the Issuer's financial condition and results of operations, which could in turn lead to a decrease in the value of its securities.

For further information on legal and regulatory risk management, refer to "vi) Legal (including Regulatory) Risk" in "40 – Financial Risk Management – Risks Detail" in the notes to the consolidated financial statements in the 2022 CSi Annual Report.

The Issuer is subject to economic sanctions laws and regulatory requirements of various countries. These laws and regulatory requirements generally prohibit or restrict transactions involving certain countries/territories and parties. The Issuer's costs of monitoring and complying with frequent, complex and potentially conflicting changes to applicable economic sanctions laws and regulatory requirements have increased and there is an increased risk that it may not identify and stop prohibited or sanctionable activities before they occur or that it may otherwise fail to comply with economic sanctions laws and regulatory requirements. Any conduct targeted by or in violation of a sanctions programme could subject CS to significant civil and potentially criminal penalties or other adverse consequences.

For further information on economic sanctions laws and regulatory requirements, refer to "Operating Environment – Significant Events – Russia's invasion of Ukraine" in "Strategic Report – Credit Suisse International at a glance" in the 2022 CSi Annual Report.

The Group expects the financial services industry and its members, including the Issuer, to continue to be affected by the significant uncertainty over the scope and content of regulatory reform in 2023 and beyond, in particular, uncertainty in relation to the future US regulatory agenda, which includes a variety of proposals to change existing regulations or the approach to regulation of the financial industry as well as potential new tax policy and potential changes in regulation following the UK's withdrawal from the EU and the results of European national elections. In addition, the Issuer faces regulatory and legislative uncertainty in the US and other jurisdictions with respect to climate change and other ESG-related issues, including with respect to any new or changing disclosure requirements, and with respect to data protection and security, including various new and changing regulations addressing the collection, storing, sharing, use, disclosure, disposal and protection of certain types of data, as well as cybersecurity. Changes in laws, rules or regulations, or in their interpretation or enforcement, or the implementation of new laws, rules or regulations, may adversely affect the Issuer's results of operations,

including in ways that may require it to modify its internal policies and practices and incur substantial compliance-related costs and expenses that are likely to increase over time.

If the Issuer were to become subject to the use of "resolution" measures by a resolution authority (or pre-resolution measures), investors could lose some or all of their investment in certain securities (such as unsecured notes, warrants and certificates) issued by the Issuer

Under the Banking Act 2009 (the "UK Banking Act"), the Bank of England (or, in certain circumstances, HM Treasury) has substantial powers to implement resolution measures with respect to a UK financial institution (such as the Issuer) if (i) the Prudential Regulation Authority ("**PRA**") considers that the relevant institution is failing or is likely to fail and (ii) the Bank of England considers that the other conditions have been satisfied, including that action is necessary in the public interest.

These resolution powers include powers to:

- direct the sale of the relevant institution or the whole or part of its business and assets to a third party purchaser;
- transfer all or part of the business of the relevant institution to a "bridge bank";
- transfer the impaired or problem assets of the relevant institution to an asset management vehicle to allow them to be managed over time; and
- exercise the "bail-in" tool (as discussed below), which could result in a write down or cancellation of the amount owed by the relevant institution or conversion of the relevant liability owed to equity.

The above tools may be used in any combination. Alternatively, as a last resort, HM Treasury is given powers, subject to meeting certain further public interest conditions, to take the relevant institution into temporary public ownership (i.e. nationalisation).

The UK Banking Act also allows the Bank of England to take certain "pre-resolution" measures, which may include mandatory write-down of regulatory capital or conversion of regulatory capital to equity prior to the implementing of any resolution measures which may have a similar effect to the use of the "bail in" tool (as described below). Such "pre-resolution" measures also apply to "relevant internal liabilities", which include certain liabilities owed by, or capital instruments issued by, the relevant institution that are held, directly or indirectly, by a resolution entity in the same resolution group. There are provisions within the UK Banking Act included to ensure that any steps taken under the special resolution regime (i) satisfy certain continuity obligations; and (ii) are effective. For example, the Bank of England may (i) modify contractual arrangements (such as the terms and conditions of securities issued by the relevant institution) in certain circumstances and (ii) suspend enforcement or termination rights that might be invoked as a result of the exercise of the resolution powers. In addition, HM Treasury may disapply or modify laws in the UK (with possible retrospective effect) to enable the recovery and resolution powers under the UK Banking Act to be used effectively.

Further, notwithstanding that the Issuer is an unlimited company and, as a result, upon its liquidation its creditors have a right of recourse against the Issuer's shareholders, holders of securities issued by The Issuer may not be able to benefit from such recourse if the Issuer becomes subject to the exercise of any resolution power or pre-resolution power or if such power is exercised in a manner which prevents its liquidation (or otherwise changes the nature of the insolvency procedure to which the Issuer may ultimately become subject).

In addition to the other powers described above, the Bank of England may exercise the "bail-in" tool in relation to a failing UK financial institution. The "bail-in" tool includes the powers to:

- write down, including to zero (i.e. cancel), a liability or modify its terms for the purposes of reducing or deferring the liabilities of the relevant institution; and/or
- convert a liability from one form or class to another (e.g. from debt to equity).

The exercise of the "bail-in" tool or similar pre-resolution powers (as described above) could result in (i) the cancellation of all, or a portion, of the principal amount of, interest on, or any other amounts payable on, any securities issued by the Issuer, and/or (ii) the conversion of all or a portion of the principal amount of, interest on, or any other amounts payable on, such securities into shares or other securities or other obligations of the Issuer or another person, and/or (iii) the amendment of the maturity of such securities or the amount of interest or any other amount payable on such securities or the date on which such interest or other amount becomes payable, including by means of a variation to the terms of the securities, in each case, to give effect to the exercise by the Bank of England of such powers.

The exercise of any resolution power, including the "bail-in" tool (or any pre-resolution powers in relation to regulatory capital or relevant internal liabilities), in respect of the Issuer and any securities issued by it or any suggestion of any such exercise could materially adversely affect the rights of the holders of such securities, the value of their investment in such securities and/or the ability of the Issuer to satisfy its obligations under such securities, and could lead to the holders of such securities losing some or all of their investment in such securities. In addition, even in circumstances where a claim for compensation is established under the 'no creditor worse off' safeguard in accordance with a valuation performed after the resolution action has been taken, it is unlikely that such compensation would be equivalent to the full losses incurred by the holders of such securities in the resolution, and there can be no assurance that holders of such securities would recover such compensation promptly.

Holders of securities issued by the Issuer may not be able to anticipate the exercise of the "bail-in" tool, any resolution power or any pre-resolution measure to reduce or convert regulatory capital or relevant internal liabilities. The resolution powers are intended to be exercised pre-emptively, i.e. prior to the point at which insolvency proceedings with respect to the relevant institution would be initiated, subject to certain conditions.

It is uncertain how the Bank of England would assess such conditions in different pre-insolvency scenarios affecting the relevant institution. The Bank of England is also not required to provide any advanced notice to holders of securities of the relevant institution of its decision to exercise any resolution power. Therefore, holders of the securities issued by the Issuer may not be able to anticipate a potential exercise of any such powers nor the potential effect of any such exercise on the Issuer and any such securities.

Prospective investors should assume that the UK government would not provide extraordinary public financial support, or if it did, only as a last resort after the bail-in tool or other resolution tools have been utilised.

Holders of securities issued by the Issuer may have very limited rights to challenge the exercise of the "bail-in" tool, any resolution power or any pre-resolution measure

If the Issuer were to be taken into a resolution regime or subjected to pre-resolution measures, holders of securities issued by the Issuer would have very limited rights to challenge the exercise of powers by the Bank of England, even where such powers have resulted in the write down or conversion of such securities to equity.

Additionally, such holders may have only very limited rights to have that decision judicially reviewed. Further, the Bank of England would be expected to exercise such powers without the consent of the holders of the affected securities.

(v) **Conduct risk**

The Issuer defines conduct risk as the risk that improper behaviour or judgement by its employees results in negative financial, non-financial, or reputational impact to its clients, employees, or the bank, or negatively impacts the integrity of the financial markets, including competition.

For further information on conduct risk management, refer to "vii) Non-financial risk – Conduct Risk" in "Note 40 – Financial Risk Management – Risks Detail" in the notes to the consolidated financial statements in the 2022 CSi Annual Report.

The Issuer may suffer losses arising from conduct issues

Some conduct risks are inherent in the Issuer's business and could negatively impact clients, employees, the market or competition. These inherent risks can arise from a variety of causes including failed processes, product design, business set-up, execution of organisational change, or as unintended consequences of business decisions. All staff across the bank are responsible for identifying operational or control incidents as they occur, including conduct risks. Controls exist to mitigate conduct risks and to prevent them from occurring.

The Issuer may suffer losses due to employee misconduct. The Issuer's businesses are exposed to risk from potential noncompliance with policies or regulations, employee misconduct or negligence or fraud, which could result in civil, regulatory or criminal investigations, litigation and charges, regulatory sanctions and serious reputational or financial harm. In recent years, a number of multinational financial institutions have suffered material losses due to, for example, the actions of traders executing unauthorised trades or other employee misconduct. It is not always possible to deter or fully prevent employee misconduct and the precautions the Issuer takes to prevent and detect this activity have not always been, and may not always be, fully effective.

(vi) **Reputational risk**

Reputational risk is the risk that an action, transaction, investment or event results in damages to the Issuer's reputation as perceived by clients, shareholders, the media and the public.

For further information on reputational risk management, refer to "viii) Reputational Risk" in "Note 40 – Financial Risk Management – Risks Detail" in the notes to the consolidated financial statements in the 2022 CSi Annual Report.

Failure to manage the risks it faces may cause damage to the Issuer's reputation, which is a key asset, and the Issuer's competitive position and business prospects could be harmed if its reputation is damaged

The Group suffered reputational harm as a result of the Archegos and SCFF matters and may suffer further reputational harm in the future as a result of these matters and other events. The Group also suffered reputational harm as a result of the significant negative outflows of deposits and assets under management in the fourth quarter of 2022. The Issuer's ability to attract and retain customers, clients, investors and employees, and conduct business transactions with its counterparties, can be adversely affected to the extent its reputation is damaged.

The Issuer acknowledges that as a large global financial institution, with a wide range of businesses and stakeholders, it may be subject to general criticism or negative perception from time to time which may negatively impact its reputation. The Issuer also acknowledges that it will knowingly engage in specific activities where opinions may vary depending on the perspective and standpoint of each party, and which may

lead to negative perception from some stakeholders. More specifically, reputational risk may arise from a variety of sources, including, but not limited to, the nature or purpose of a proposed transaction, action or client relationship, the identity or nature of a potential client, the regulatory or political climate in which the business will be transacted or significant public attention surrounding the transaction itself, and if the Issuer's comprehensive procedures and controls fail, or appear to fail, to prevent employee misconduct, negligence and fraud, to address conflicts of interest and breach of fiduciary obligations, to produce materially accurate and complete financial and other information, to identify credit, liquidity, operational and market risks inherent in its business or to prevent adverse legal or regulatory actions or investigations. Additionally, the Issuer's reputation can be harmed by actual or alleged compliance failures, information or security breaches, personal data breaches, cyber incidents, technology failures, challenges to the suitability or reasonableness of its particular trading or investment recommendations or strategies and the activities of its customers, clients, counterparties and third parties. Actions by the financial services industry generally or by certain members or individuals in the industry also can adversely affect the Issuer's reputation. In addition, its reputation may be negatively impacted by its ESG practices and disclosures, including those related to climate change and any actual or perceived overstatement of the ESG-related benefits of the Issuer's products and services, and how it addresses ESG concerns in its business activities, or by its clients' involvement in certain business activities associated with climate change. Adverse publicity or negative information in the media, posted on social media, or otherwise, whether or not factually correct, can also have a material adverse impact its business prospects or financial results, which risk can be magnified by the speed and pervasiveness with which information is disseminated through those channels.

A reputation for financial strength and integrity is critical to the Issuer's performance in the highly competitive environment arising from globalisation and convergence in the financial services industry, and its failure to address, or the appearance of its failing to address, these and other issues gives rise to reputational risk that can harm its business, results of operations and financial condition. Failure to appropriately address any of these issues can also give rise to additional regulatory restrictions and legal risks, which may further lead to reputational harm.

Technology risk

Technology risk is the risk of failure or malfunction of storage, server or other technology assets impacting business operability and access to information, and leading to harm or loss.

For further information on technology risk management, refer to "vii) Non-financial risk – Technology Risk" in "Note 40 – Financial Risk Management – Risks Detail" in the notes to the consolidated financial statements in the 2022 CSi Annual Report.

The Issuer's business may be disrupted by technology-related failures such as service outages or information security incidents

Technology risk is inherent not only in the Group's IT assets, but also in the people and processes that interact with them including through dependency on third-party suppliers and the worldwide telecommunications infrastructure. The Group seeks to ensure that the data used to support key business processes and reporting is secure, complete, accurate, available, timely and meets appropriate quality and integrity standards. The Group requires its critical IT systems to be identified, secure, resilient and available and support its ongoing operations, decision making, communications and reporting. The Group's systems must also have the capability, capacity, scalability and adaptability to meet current and future business objectives, the needs of its customers and regulatory and legal expectations. Failure to meet these standards and requirements may result in adverse events that could subject the Group to reputational damage, fines, litigation, regulatory sanctions, financial losses or loss of market share.

The Issuer is exposed to cyber and other information technology risks

Cyber risk, which is part of technology risk, is the risk that the Issuer will be compromised as a result of cyber-attacks, security breaches, unauthorised access, loss or destruction of data, unavailability of service, computer viruses or other events that could have an adverse security or resilience impact. The Group recognises that cyber risk represents a rapidly evolving external risk landscape. The financial industry continues to face cyber threats from a variety of actors who are driven by monetary, political and other motivations.

Information security, data confidentiality and integrity are of critical importance to the Issuer's businesses, and there has been recent regulatory scrutiny on the ability of companies to safeguard the non-public or personal information of individuals in accordance with data protection regulation, including (amongst others) the European General Data Protection Regulation. Governmental authorities, employees, individual customers or business partners may initiate proceedings against the Issuer as a result of security breaches affecting the confidentiality or integrity of non-public or personal information, as well as the failure, or perceived failure, to comply with data protection regulations. The adequate monitoring of operational risks and adherence to data protection regulations have also come under increased regulatory scrutiny. Any failure of the Issuer to adequately ensure the security of data and to address the increased technology-related risks could also lead to regulatory sanctions or investigations and a loss of trust in its systems, which may adversely affect its reputation, business and operations.

Threats to the Issuer's cybersecurity and data protection systems require the Issuer to dedicate significant financial and human resources to protect the confidentiality, integrity and availability of its systems and information. Despite the wide range of security measures, it is not always possible to anticipate the evolving threat landscape and mitigate all risks to its systems and information. These threats may derive from human error, misconduct (including errors in judgment, fraud or malice and/or engaging in violations of applicable laws, rules, policies or procedures), or may result from accidental technological failure. There may also be attempts to fraudulently induce employees, clients, third parties or other users of the Issuer's systems to disclose sensitive information in order to gain access to its data or that of its clients. Additionally, because the Issuer shares information with third party vendors and service providers to conduct its business, the Issuer could also be affected by risks to the systems and information of such third parties particularly where such third party fails to implement adequate data-security practices, to comply with the Issuer's information-sharing terms and policies or otherwise suffers a network or other security breach. In addition, hardware, software or applications the Issuer procures from third parties may contain security vulnerabilities, defects in design or manufacture or other problems that could unexpectedly compromise information security. For example, the increasing trend of remote working may require the Issuer's employees to use third party technology, which may not provide the same level of information security as the Issuer's own information systems.

Additionally, risks relating to cyber attacks on the Issuer's vendors and other third parties have continued to increase due to more frequent and severe supply chain attacks impacting software and information technology service providers, which may be further exacerbated in light of the ongoing conflict related to Russia's invasion of Ukraine. Security breaches may involve substantial remediation costs, affect the Issuer's ability to carry out its businesses or impair the trust of its clients or potential clients, any of which could have a material adverse effect on CS's business and financial results. In addition, the Issuer may introduce new products or services or change processes, resulting in new operational risks that it may not fully appreciate or identify. Any such event could subject the Issuer to litigation or cause it to suffer a financial loss, a disruption of its businesses, liability to its clients, regulatory intervention or reputational damage. The Group could also be required to expend significant additional resources to investigate and remediate vulnerabilities or other exposures.

Cybersecurity risks have also significantly increased in recent years in part due to the growing number and increasingly sophisticated activities of malicious cyber actors, including organised crime groups, state-sponsored actors, terrorist organisations, extremist parties and hackers. Although the Issuer has developed reasonable systems and processes designed to protect the non-public and/or personal information of its clients and other third parties from data loss or other security breaches or incidents, the Issuer's security measures have not always fully protected against such matters in the past. The Issuer and other financial institutions have suffered and may continue to suffer cyber-attacks, ransomware attacks, information or security breaches, personal data breaches, losses or misappropriations and other forms of attacks, incidents and failures including those involving disgruntled employees, activists and other third parties, such as those engaged in corporate espionage.

CS expects to continue to be the target of such attacks in the future, and it may experience other forms of cybersecurity or data protection incidents or failures in the future including with respect to damages from computer viruses, worms, and other malicious software programmes or other attacks, covert introduction of malware to computers and networks, unauthorised access, including impersonation of unauthorised users, efforts to discover and exploit any security vulnerabilities or security weaknesses, and other similar disruptions. Emerging technologies, including the increasing use of automation, artificial intelligence ("AI") and robotics, as well as the broad utilisation of third-party financial data aggregators, could further increase the Issuer's cybersecurity risk and exposure.

In the event of a cyber-attack, information or security breach, personal data breach or technology failure, the Issuer may experience operational issues, the infiltration of payment systems or the unauthorised release, gathering, monitoring, misuse, loss or destruction of confidential, proprietary and other information relating to the Group, its clients, vendors, service providers, counterparties or other third parties.

Given the Issuer's global footprint and the high volume of transactions it processes, the large number of clients, partners and counterparties with which it does business, the Issuer and its clients' growing use of digital, mobile, cloud- and internet-based services and platforms, and the increasing frequency, sophistication and evolving nature of cyber-attacks, a cyber-attack, information or security breach or technology failure may occur, whether on CS's systems or that of a third party, without detection for an extended period of time. In addition, the Issuer expects that any investigation of a cyber-attack, information or security breach or technology failure will be inherently unpredictable and it may take time before any investigation is complete. During such time, the Issuer may not know the extent of the harm or how best to remediate it and certain errors or actions may be repeated or compounded before they are discovered and rectified. These factors may inhibit the Issuer's ability to provide timely, accurate and complete information about the event to its clients, employees, regulators, other stakeholders and may further increase the costs and consequences of a cyber-attack, information or security breach or technology failure.

If any of the Issuer's systems, or the systems of third parties on which it relies, do not operate properly or are compromised as a result of cyber-attacks, information or security breaches, technology failures, unauthorised access, loss or destruction of data, unavailability of service, computer viruses or other events that could have an adverse security impact, the Issuer could be subject to litigation or suffer financial loss not covered by insurance, a disruption of its businesses, liability to its clients, damage to relationships with its vendors, regulatory intervention or reputational damage. Any such event could also require the Issuer to expend significant additional resources to modify its protective measures or to investigate and remediate vulnerabilities or other exposures. The Issuer may also be required to expend resources to comply with new and increasingly expansive regulatory requirements related to cybersecurity.

Risks relating to the Notes

This section sets out the principal risks the Issuer believes to be inherent in investing in the Notes.

The Issuer believes that the risk factors specific to the Notes described below are material for the purpose of taking an informed investment decision associated with the Notes, but these are not the only risks that the Issuer faces or that may arise under the Notes. There will be other risks that the Issuer does not currently consider to be material, or risks that the Issuer is currently not aware of, or risks that arise due to circumstances specific to the investor.

This section also includes the risks specific to the Notes which are classified as Reverse Convertible Notes and Index Notes and Index Basket Notes, and shall not be listed on the TOKYO PRO-BOND Market.

More than one investment risk may have simultaneous effect with regard to the value of the Notes and the effect of any single investment risk may not be predictable. In addition, more than one investment risk may have a compounding effect and no assurance can be given as to the effect that any combination of investment risks may have on the value of Notes.

For a description of the risk factors relating to the Issuer, investors should refer to the CSi Registration Document for the Issuer, where the specific risks associated with the Issuer are set out.

An investment in Notes entails certain risks, which vary depending on the specific type and structure of the relevant Security and the relevant Underlying Asset(s) which the Security is linked to. Such risks can be divided into the following categories 1 to 6 (each a **Risk Category**):

1. Risks associated with Notes in case of insolvency of the Issuer and in connection with resolution measures in respect of the Issuer (**Risk Category 1**);
2. Risks in connection with the payment profile of the Notes (**Risk Category 2**);
3. Risks in connection with termination and adjustment rights of the Issuer and/or the Calculation Agent (**Risk Category 3**);
4. Risks related to certain types of Notes and certain product features (Risk Category 4);
5. Risks in connection with the Underlying Assets or reference rates (Risk Category 5); and
6. Risks in connection with the purchase, holding and selling of Notes (**Risk Category 6**),

which are set out in the following sections 1. to 6.

The Risk Categories 3 to 5 described in sections 3. to 5. below are divided into sub-categories (each a **Sub-Category**):

- for the Sub-Categories of Risk Category 3 see section (a) to (h) in section 3. below;
- for the Sub-Categories of Risk Category 4 see section (a) to (k) in section 4. below;
- for the Sub-Categories of Risk Category 5 see section (a) to (l) in section 5. below;

1. Risks associated with Notes in case of insolvency of the Issuer and in connection with resolution measures in respect of the Issuer (Risk Category 1)

The risks set out under in the below sub-sections (a) and (b) of this Risk Category 1 are the risks in case of insolvency of the Issuer and in connection with resolution measures in respect of the Issuer.

(a) Risk in case of an insolvency of the Issuer

The Notes issued by the Issuer, as the case may be, are direct, unconditional, unsecured and unsubordinated obligations of the Issuer. If the Issuer were to become insolvent,

claims of investors in the Notes will rank equally in right of payment with all other unsecured and unsubordinated obligations of the Issuer, except such obligations given priority by law.

An investment in Notes will also not be covered by any compensation or insurance scheme (such as a bank deposit protection scheme) of any government agency of the United Kingdom or any other jurisdiction and the Notes do not have the benefit of any government guarantee. The Notes are the obligations of the Issuer only and holders of Notes must look solely to the Issuer for the performance of the Issuer's obligations under such Notes.

In the event of the insolvency of the Issuer, an investor in Notes may therefore lose all or some of its investment therein irrespective of any favourable development of the other value determining factors, such as the performance of the Underlying Asset(s).

(b) **Risks in connection with the exercise of "resolution" measures or the "bail-in" tool or other pre-resolution powers by the UK resolution authority**

The UK Banking Act 2009 provides for a "resolution regime" granting substantial powers to the UK resolution authority to implement resolution measures (including, but not limited to, directing the sale of the relevant institution or transfer of the relevant institution's business to a "bridge bank") with respect to a UK financial institution (such as the Issuer) where the Prudential Regulatory Authority considers that the relevant institution is failing or is likely to fail and the Bank of England considers that other conditions to implementing resolution measures have been satisfied, including that action is necessary having regard to the public interest. If the Issuer were to become subject to the use of "resolution" measures by a resolution authority (or pre-resolution measures) you could lose some or all of your investment in the Notes. In addition, the UK resolution authority also has the power to exercise the "bail-in" tool (or pre-resolution powers to write down or convert regulatory capital) in relation to Notes issued by the Issuer which would result in the write down and/or conversion to equity of such Notes.

2. Risks in connection with the payment profile of the Notes (Risk Category 2)

In this Risk Category 2 the risks that apply to the payout profile of Notes that may be issued under the Programme are described.

Potential loss of some or all of the investment

Purchasers of Notes which are "capital at risk" investments may lose some or all of their money depending on the performance of the relevant Underlying Asset(s) and the terms of such Notes. The Notes will be "capital at risk" investments unless the Final Redemption Amount payable at maturity or a scheduled early redemption (or, in respect of Instalment Notes, the aggregate of the Instalment Amounts payable over the Instalment Dates, together with the Final Redemption Amount, if any) (as applicable) of the relevant Notes is at least equal to the purchase price paid by investors for such Notes.

Even where the Final Redemption Amount (or, in respect of Instalment Notes, the aggregate of the Instalment Amounts payable over the Instalment Dates, together with the Final Redemption Amount, if any) (as applicable) is at least equal to the purchase price paid by investors for such Notes, the Notes are still "capital at risk" investments if:

- (i) if the terms of the Notes provide for an automatic early redemption event to be applicable, such automatic early redemption event occurs and the amount payable is less than the purchase price; or;
- (ii) if the terms of the Notes provide that the Issuer's call option or holder's put option, as the case may be, is applicable, such call option or put option, as the case may be, is exercised and the Optional Redemption Amount is less than such purchase price.

Where Notes are "capital at risk" investments, investors are exposed to a return that is linked to the performance of the relevant Underlying Asset(s) (as specified in the relevant Pricing Supplement). In the case of an unfavourable development of the value of the Underlying Asset(s), the amount payable on redemption of the Notes may be less than the amount originally invested and investors may lose the value of some or all of their investment.

In any event, if the amount payable (or entitlement deliverable) on redemption, exercise or expiry of the Notes is less than the purchase price paid by investors for such Notes, investors may lose some or all of their investment.

Further, as explained at the start of this section, even if the Notes are not "capital at risk" and do provide for scheduled repayment in full of the issue price or the purchase price of the Notes, an investor could still lose some or all of his or her investment if:

- the investor sells the Notes prior to maturity in the secondary market but for an amount that is less than the issue price or the purchase price of the Notes;
- the Notes are redeemed early under their terms and conditions at the discretion of the Issuer and the Early Redemption Amount is less than the initial issue price or purchase price (see risk factor 3(a) (*Risks in connection with redemption of the Notes at the Early Redemption Amount*) below); or
- the Notes are subject to certain adjustments made by the Issuer in accordance with the terms and conditions of the Notes that may result in any amount payable (or deliverable) under the Notes (whether at maturity or otherwise) being reduced to, or being valued at, an amount that is less than the original investment.

3. Risks in connection with termination and adjustment rights of the Issuer and/or the Calculation Agent (Risk Category 3)

In this Risk Category 3 the specific risks in connection with termination and adjustment rights of the Issuer and/or the Calculation Agent under the Pricing Supplement are set out. This risk category is divided into Sub-Categories.

(a) Risks in connection with redemption of the Notes at the Early Redemption Amount

In certain circumstances, the Issuer may redeem the Notes (other than due to an automatic early redemption event or exercise of a call option) at an amount equal to the Early Redemption Amount. Such amount may be less than the issue price or the purchase price and investors may therefore lose some or all of their investment and may not be able to reinvest the proceeds in another investment offering a comparable return.

The Notes may be redeemed prior to their scheduled maturity in certain circumstances (other than due to an automatic early redemption event or the exercise of a call option) - for example, (i) if the Issuer determines that its obligations under the Notes or its hedging arrangements, have become unlawful or illegal, or, (ii) following an event of default, or (iii) where the Notes are linked to one or more Underlying Asset(s), following certain events having occurred in relation to any Underlying Asset(s) (where the relevant Pricing Supplement specifies that the terms of the Notes do not provide for the amount payable at maturity to be subject to a minimum amount or for Instalment Amounts to be payable). In such case, the Notes may be redeemed early prior to their scheduled maturity for an amount equal to the Early Redemption Amount, and, no other amounts shall be payable in respect of the Notes on account of interest or otherwise following such determination by the Issuer. Please refer to the section headed "*Overview of the Potential for Discretionary Determinations by the Issuer*" for more information.

The Early Redemption Amount payable on unscheduled redemption of the Notes depends on the elections specified in the relevant Pricing Supplement.

In certain circumstances, it is likely that the Early Redemption Amount will be less than the initial investment, and therefore investors may lose some or all of their investment. Investors may be unable to reinvest the proceeds in an investment having a comparable return. Potential investors should consider such reinvestment risk in light of other investments available at that time.

In certain circumstances, (i) the Early Redemption Amount may be significantly less than what an investor would have received in the absence of such event resulting in the unscheduled redemption of the Notes and (ii) holders will not be able to participate in any potential upside performance of the Underlying Asset(s) after the occurrence of such event and will not receive any further interest or other payments under the Notes.

Please refer to the section headed "*Overview of the Potential for Discretionary Determinations by the Issuer*" for more information.

(b) **Risks in connection with discretionary rights of the Calculation Agent and related termination rights of the Issuer**

Event or an extraordinary event, the Issuer or Calculation Agent has broad discretion to make certain modifications to the terms and conditions of the Notes to account for such event, including but not limited to adjusting the calculation of the relevant level or price of the Underlying Asset(s) or the reference rate(s), as applicable, or any amount payable or other benefit to be received under the relevant Notes. This may include substituting another underlying asset(s) or reference rate(s) for the affected Underlying Asset(s) or reference rate(s), or in the case of a relevant settlement disruption, paying a cash amount in lieu of delivering the relevant Underlying Asset(s). Any such adjustment shall be made without the consent of the Securityholders.

In making any adjustment to the terms and conditions of the Notes, the Issuer will (whether or not already expressed to be the case in the Conditions) act in good faith and in a commercially reasonable manner, and (where there is a corresponding applicable regulatory obligation) shall take into account whether fair treatment is achieved by any such adjustment in accordance with its applicable regulatory obligations. Please refer to the section headed "*Overview of the Potential for Discretionary Determinations by the Issuer*" for more information.

(c) **The Issuer of Notes may be substituted without the consent of Securityholders**

The Issuer of Notes may be substituted without the consent of Securityholders in favour of any affiliate of the Issuer or another company with which it consolidates, into which it merges or to which it sells or transfers all or substantially all of its property, subject to certain conditions being fulfilled. Such substitution of the Issuer may have a material adverse effect on the value of the Notes.

(d) **Jurisdictional Event**

The amount payable in respect of Notes which are linked to an Underlying Asset to which "Jurisdictional Event" is specified to be applicable may be reduced if the value of the proceeds of the Issuer's (or its affiliates') hedging arrangements in relation to such Underlying Asset are reduced as a result of various matters (each described as a "**Jurisdictional Event**") relating to risks connected with the relevant country or countries specified in the terms and conditions of the Notes (including, but not limited to, risks associated with fraud and/or corruption, political risk, legal uncertainty, imposition of foreign exchange controls and changes in laws or regulations). Please refer to the section headed "*Overview of the Potential for Discretionary Determinations by the Issuer*" for more information.

(e) **Occurrence of Additional Disruption Events**

Additional Disruption Events in respect of an Underlying Asset may include events which result in the Issuer incurring material costs for performing its obligations under the Notes

due to a change in applicable law, regulation or the inability or a materially increased cost of the Issuer and/or its affiliates to maintain or enter into hedging arrangements in respect of such Underlying Asset and the Notes or, in some cases, trading disruption or licensing issues or certain tax events occur in relation to the Underlying Asset. Subject to the terms and conditions for the Notes which determines the types of Additional Disruption Events which are applicable, upon determining that an Additional Disruption Event has occurred, the Issuer has discretion to make certain determinations to account for such event including to (i) make adjustments to the terms of the Notes (without the consent of the Securityholders), or (ii) cause an early redemption of the Notes prior to their scheduled maturity by payment of an Early Redemption Amount instead of the Final Redemption Amount, any of such determinations may have an adverse effect on the value of and return on the Notes. Following a determination by the Issuer in accordance with (ii) no other amounts shall be payable in respect of the Notes on account of interest or otherwise.

In making any such adjustments or determinations, the Issuer in such capacity will (whether or not already expressed to be the case in the Conditions) act in good faith and in a commercially reasonable manner, and (where there is a corresponding applicable regulatory obligation) shall take into account whether fair treatment is achieved by any such adjustments or determinations in accordance with its applicable regulatory obligations.

Please refer to the section headed "Overview of the Potential for Discretionary Determinations by the Issuer" for more information.

(f) Optional redemption by the Issuer

Any call option of the Issuer in respect of the Notes may negatively impact their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period. The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed. The investor will not be able to participate in the performance of the Underlying Asset(s) following the effective date of the Issuer call option.

(g) Correction of published prices or levels

In the event that the relevant published prices or levels of an Underlying Asset are subsequently corrected and such correction is published by the entity or sponsor responsible for publishing such prices or levels, subject to such correction and publication occurring prior to a specified cut-off date in respect of the relevant Notes, such corrected prices or levels may be taken into account by the Issuer in any determination in relation to the Notes and/or the Issuer may make adjustments to the terms of the Notes, subject to the provisions of the relevant terms and conditions for the Notes. Where such corrected prices or levels are lower than the original levels or prices, this may have an adverse effect on the value of and return on the Notes.

(h) Non-Underlying Asset Days or disruption events may adversely affect the value of and return on the Notes

If a scheduled date on which the price or level of an Underlying Asset is observed or determined falls on a day which is not a relevant scheduled trading day or business day for such Underlying Asset or any other day which is subject to adjustment in accordance with the relevant terms of the relevant Underlying Asset, then the relevant date may be postponed.

Further, if the Issuer determines that a disruption event in relation to an Underlying Asset has occurred which affects the observation or determination of the price or level of such Underlying Asset on any relevant day, then the relevant date may be postponed or the Issuer may determine the price or level of such Underlying Asset using one or more

alternative provisions, or may ultimately determine the price or level of such Underlying Asset in its discretion or (ii) the Issuer may treat this as an Additional Disruption Event, as to which see section 3(e) (*Occurrence of Additional Disruption Events*) above.

Any such postponement and/or alternative determination of the price or level of an Underlying Asset may adversely affect the value of and return on the Notes. In the event that one or more scheduled dates on which the price or level of an Underlying Asset is observed or determined are postponed, the scheduled Maturity Date or other relevant payment date may also be postponed.

4. Risks related to certain types of Notes and certain product features (Risk Category 4)

In this Risk Category 4 the risks in connection with certain types of Notes and certain product features are described. This risk category is divided into Sub-Categories.

Investors should note that Notes issued under the Programme may be one of the types of Notes set out below and/or may include one or more of the features described below, as set out in each case in the applicable Pricing Supplement. Investors should therefore carefully review the Pricing Supplement of the Notes that they are intending to invest into in order to identify whether any of the risks described below apply to such Notes.

(a) Risks associated with physical delivery of Underlying Asset(s)

In this Sub-Category the risks of Notes with physical delivery of Underlying Asset(s) are set out.

(i) *Risk in connection with fluctuations in the price of the relevant Underlying Asset or the relevant ETF share*

In certain circumstances the Notes may be redeemed at their maturity by delivering the relevant Underlying Asset or the relevant ETF share tracking the relevant Underlying Asset, to the Securityholders and the Securityholders will receive such Underlying Asset or ETF share, as the case may be, rather than a monetary amount upon maturity. Securityholders will therefore be exposed to the risks associated with the issuer of such Underlying Asset or ETF share, as the case may be, and the risks associated with such Underlying Asset or ETF share, as the case may be.

The value of the relevant Underlying Asset or the relevant ETF share, as the case may be, to be delivered, together with any fractional cash amount, to a Securityholder may be less than the purchase amount paid by such Securityholder for the Notes and the principal amount (if any) of the relevant Notes. In the worst case, the relevant Underlying Asset or the relevant ETF share, as the case may be, to be delivered may be worthless. Also, prospective investors should consider that any fluctuations in the price of the relevant Underlying Asset or the relevant ETF share, as the case may be, to be delivered between the end of the term of the Notes and the actual delivery date will be borne by the Securityholders. This means that a Securityholder's actual loss or gain and final return on the Notes can only be determined after delivery of the relevant Underlying Asset or the relevant ETF share, as the case may be, to such Securityholder.

In order to receive the relevant Share Amount in respect of a Security, a Securityholder must deliver to a Paying Agent a duly completed Delivery Notice

on or before the Presentation Date, otherwise the Issuer shall not be obliged to make delivery of the Share Amount.

- (ii) *Further risks in connection with the Underlying Asset(s) to be delivered under the Notes*

If a Security is redeemed by delivering the relevant Underlying Asset (or the relevant ETF share (if applicable)), any investor therein will be exposed to the risks (including risks of insolvency and risks of fluctuations in value of the relevant Underlying Asset or relevant foreign exchange rate(s)) relating to the Underlying Asset. Any of these risks may result in a reduction in value of the delivered Underlying Assets.

- (iii) *Risks in connection with the taxation of the Underlying Asset(s) to be delivered*

The Securityholder is also required to pay all taxes and expenses in connection with the delivery of the Underlying Asset. Further, Securityholders may be subject to certain documentary or stamp taxes in relation to the delivery and/or transfer of the relevant Underlying Asset or the relevant ETF shares, as the case may be which would not be, payable in the event of cash settlement.

(b) **Specific risks associated with Notes linked to a basket of Underlying Assets**

In this Sub-Category the specific risks associated with Notes linked to a basket of Underlying Assets are set out. All of these risks may adversely affect the performance of a basket of Underlying Assets that the Notes are linked to and in turn may adversely affect the value of and return on such Notes.

- (i) *The negative performance of a single basket constituent may outweigh a positive performance of one or more other basket constituents:* Even in the case of a positive performance by one or more of the basket constituents, the performance of the basket as a whole may be negative if the performance of one or more of the other basket constituents is negative to a greater extent, depending on the terms and conditions of the relevant Notes.
- (ii) *A small basket, or an unequally weighted basket, will generally leave the basket more vulnerable to changes in the value of any particular basket constituent:* The performance of a basket that includes a fewer number of basket constituents will generally be more affected by changes in the value of any particular basket constituent than a basket that includes a greater number of basket constituents and a basket which has unequally weighted constituents will generally be more affected by changes in the value of the more heavily weighted basket constituents than a basket which includes equally weighted basket constituents.
- (iii) *A change in composition of a basket may have an adverse effect on basket performance:* Where the terms and conditions of the Notes grant the Issuer the right, in certain circumstances, to adjust the composition of the basket, investors should be aware that any replacement basket constituent may perform differently from the original basket constituent, which may have an adverse effect on the performance of the basket and therefore the performance of the Notes.
- (iv) *Risks resulting from the correlation of multiple Underlying Assets:* In the case of Notes linked to multiple Underlying Assets, the level of correlation among the Underlying Assets indicates their interdependence with respect to their performance, and such level of correlation may have a significant impact on the value of the Notes. A risk that materialises in respect of one particular Underlying Asset also has an impact on the other Underlying Assets due to their correlation. For example, if all of the Underlying Assets that a Security is linked to originate from the same sector and the same country, a high level of correlation may generally be assumed, which could mean that, in the case of events affecting such sector or country, the value of all Underlying Assets may move in the same

direction at substantially the same time and/or experience a substantially similar level of volatility. In such case, such coordinated movement and/or volatility may have a more substantial impact on the value of the Notes linked thereto than if such Notes were linked to multiple Underlying Assets with a low level of correlation. Alternatively, if there is a low level of correlation among the Underlying Assets, any change in the performance of one of the Underlying Assets may have a more substantial impact on the value of the Notes linked thereto than if such Notes were linked to multiple Underlying Assets with a high level of correlation. Consequently investors in Notes that are linked to multiple Underlying Assets with a high degree of correlation may be exposed to greater risks of loss in case adverse events or developments occur with regard to one or more of the Underlying Assets than in case of Notes that are linked to multiple Underlying Assets with a low degree of correlation. However, an investor in Notes should be aware that (i) past levels of correlation among the Underlying Assets may not be determinative of future levels of correlation, (ii) the values of Underlying Assets with a high/low degree of correlation may nevertheless move in opposite directions/the same direction and/or experience different/the same levels of volatility.

(c) **"Worst-of"**

Where the Notes are linked to a basket of Underlying Assets and the terms of the Notes provide that the Final Redemption Amount or other amount payable (as applicable) in respect of such Notes depends on the performance of the worst performing Underlying Asset in the basket, Securityholders will be exposed to the performance of each Underlying Asset and, in particular, to the Underlying Asset which has the worst performance.

This means that, irrespective of how the other Underlying Assets perform, if the Underlying Asset having the worst performance fails to meet the specified threshold or barrier, Securityholders could lose some or all of their initial investment.

(d) **Risks of Notes with barrier feature(s)**

In the case of Notes with a barrier feature, amounts payable in respect of the Notes will be conditional on the value or performance of the relevant Underlying Asset(s), as determined in accordance with the applicable conditions, being (i) greater than, (ii) greater than or equal to, (iii) less than or (iv) less than or equal to, as specified in the applicable Pricing Supplement, a specified barrier value. If such condition is not satisfied, then (a) (in the case of a coupon payment) no payment may be due, or (b) the relevant amount payable may be determined by reference to the performance of the relevant Underlying Asset(s) and may be less than the amount originally invested and lower than the amount an investor would have received had no such event occurred.

(e) **Redemption following an automatic early redemption event**

Where the terms of the Notes provide for an automatic early redemption event, investors in such Notes should be aware that the timing of redemption of such Notes is uncertain since the occurrence of an automatic early redemption event will be dependent upon the performance of the Underlying Asset(s). In the case of an unfavourable development of the value of the Underlying Asset(s), the redemption of such Notes may not occur until the scheduled maturity and the amount payable on redemption will be determined based on the unfavourable performance of the Underlying Asset(s) and may be less than the amount originally invested and lower than the amount an investor would have received had an automatic early redemption event occurred.

Upon early redemption of the Notes as the result of an automatic early redemption event, investors will not participate in the performance of the Underlying Asset(s) after the date of such early redemption. Investors in such Notes may incur additional transaction costs as a consequence of reinvesting proceeds received upon any early redemption and the conditions for such reinvestment may be less favourable than the relevant investor's initial

investment in the Notes. In addition, if an automatic early redemption event occurs, no amounts payable under the Notes that would otherwise have been due after the automatic early redemption date will be paid.

(f) **A "Participation" factor of over 100 per cent. means that you may participate disproportionately in the performance of the Underlying Asset(s)**

Where the terms and conditions of the Notes provide that the redemption amount or other amount payable (as applicable) in respect of such Notes is based upon the performance of the Underlying Asset(s) and is multiplied by a "Participation" factor which is over 100 per cent., the Securityholder may participate disproportionately in any positive performance and/or may have a disproportionate exposure to any negative performance of the Underlying Asset(s). Due to this leverage effect, such Notes will represent a very speculative and risky form of investment since any loss in the value of the Underlying Asset(s) carries the risk of a correspondingly higher loss.

(g) **A "Participation" factor of less than 100 per cent. means that you will not participate in the full positive performance of the Underlying Asset(s)**

Where the terms and conditions of the Notes provide that the redemption amount or other amount payable (as applicable) in respect of such Notes is based upon the performance of the Underlying Asset(s) and is multiplied by a "Participation" factor which is less than 100 per cent., the Securityholder will not participate fully in the positive performance of the Underlying Asset(s). In such case, the return on the Notes will be lower than any positive performance of the Underlying Asset(s), and may be significantly less than if the Securityholder had purchased the Underlying Asset(s) directly.

(h) **The effect of averaging**

If so provided in the applicable terms and conditions of the Notes, the amount payable (or deliverable) on the Notes (whether at maturity or otherwise) will be based on the average of the applicable levels, prices, rates or other applicable values of the Underlying Asset(s) on each of the specified averaging dates, and not the simple performance of the Underlying Asset(s) over the term of the Notes. For example, if the applicable level, price, rate or other applicable value of the particular Underlying Asset(s) dramatically surged on the last of five averaging dates, the amount payable on the Notes may be significantly less than it would have been had the amount payable been linked only to the applicable level, price, rate or other applicable value of the particular Underlying Asset(s) on that last averaging date.

(i) **Cap**

Where the terms of the Notes provide that the amount payable or deliverable is subject to a cap, your ability to participate in any change in the value of the Underlying Asset(s) (or any change in floating interest rates) will be limited, no matter how much the level, price or other value of the Underlying Asset(s) (or floating interest rates) rises above the cap level over the term of the Notes. Accordingly, the value of or return on the Notes may be significantly less than if Securityholders had purchased the Underlying Asset(s) (or invested in instruments which pay an uncapped floating rate of interest) directly.

(j) **Interest rate risks**

In this Sub-Category the risks of Notes that provide for interest payments based on a fixed rate or a floating rate are set out. The risk of Notes that provide for fixed rate interest payments ("**Fixed Rate Notes**{ XE "Fixed Rate Notes" }") is set out first in the following sub-section (i) and that of Notes that provide for floating rate interest payments ("**Floating Rate Notes**{ XE "Floating Rate Notes" }") is set out first in the following sub-section (ii).

(i) *Fixed Rate Notes*

Where Notes bear interest at a fixed rate, subsequent changes in market interest rates may adversely affect the value of the Notes.

(ii) *Floating Rate Notes*

Where interest on Notes is subject to floating rates of interest that will change subject to changes in market conditions, such changes could adversely affect the interest amount(s) received on the Notes. As the interest income on Notes which bear interest at a floating rate will vary, it is not possible to determine a fixed yield on such Notes at the time of investment and to compare the return on investment of such Notes with investments bearing interest at a fixed rate. Further, if the floating rate becomes negative, the resulting rate of interest on the Notes may be less than any positive margin specified to be applicable to the floating rate, or may be zero (or such other minimum rate of interest), as specified in the relevant Pricing Supplement.

(k) **There are particular risks in relation to Notes denominated in or referencing CNY**

Chinese Renminbi, the lawful currency of the People's Republic of China ("**CNY**{ XE "CNY" }") is not freely convertible at present. The government of the People's Republic of China continues to regulate conversion between CNY and foreign currencies despite the significant reduction over the years by such government of its control over routine foreign exchange transactions conducted through current accounts. The People's Bank of China ("**PBOC**{ XE "PBOC" }") has established a clearing and settlement system pursuant to the Settlement Agreement on the Clearing of CNY Business between PBOC and Bank of China (Hong Kong) Limited. However, the current size of CNY and CNY denominated financial assets in Hong Kong is limited, and its growth is subject to many constraints imposed by the laws and regulations of the People's Republic of China on foreign exchange.

No assurance can be given that access to CNY funds for the purposes of making payments under the Notes or generally will remain available or will not become restricted. The value of CNY against foreign currencies fluctuates and is affected by changes in the People's Republic of China and international political and economic conditions and by many other factors. As a result, foreign exchange fluctuations between a purchaser's home currency and CNY may affect purchasers who intend to convert gains or losses from the sale or redemption of the Notes into their home currency.

Holders of beneficial interests in Notes denominated in CNY may be required to provide certifications and other information (including CNY account information) in order to receive payments in CNY in accordance with the CNY clearing and settlement system for participating banks in Hong Kong. Payments in CNY may only be made to investors by transfer to a bank account denominated in CNY and maintained in accordance with applicable laws and regulations in Hong Kong (including the prevailing requirements and procedures applicable to Notes denominated in CNY cleared through the Central Moneymarkets Unit operated by the Hong Kong Monetary Authority ("**CMU**")). There is no assurance that new PRC regulations will not be promulgated or any settlement agreement on the clearing of CNY business between PBOC and certain Chinese banks will not be terminated or amended in the future which will have the effect of restricting availability of CNY.

Developments and the perception of risks in other countries, especially emerging market countries, may adversely affect the exchange rate of CNY into other currencies and therefore the value of Notes denominated in or referencing CNY.

5. Risks in connection with the Underlying Assets or reference rates (Risk Category 5)

In this Risk Category 5 the specific risks in connection with (i) the Underlying Asset(s) that the Notes may be linked to and (ii) the reference rate(s) by reference to which amounts

payable under the Notes may be determined are described. This risk category is divided into Sub-Categories.

(a) **Risks associated with Shares**

In this Sub-Category the specific risks of Shares that Notes may be linked to under the Programme are set out.

(i) *Factors affecting the performance of Shares may adversely affect the value of Notes*

The performance of a Share is dependent upon macroeconomic factors, such as interest and price levels on the capital markets, currency developments, political factors as well as company-specific factors such as earnings position, market position, risk situation, shareholder structure and distribution policy. Any of these factors affecting the performance of Shares may in turn adversely affect the market value of and return on the Notes that are linked to such Shares.

(ii) *Actions by the issuer of a Share may adversely affect the Notes*

The issuer of a Share will have no involvement in the offer and sale of the Notes and will have no obligation to any Securityholder. The issuer of a Share may take any actions in respect of such Share without regard to the interests of the Securityholders, and any of these actions could adversely affect the market value of and return on the Notes.

(iii) *Determinations made by the Issuer in respect of Potential Adjustment Events and Extraordinary Events may have an adverse effect on the value of the Notes*

The adjustment events referred to in section 3(a) (Risks in connection with redemption of the Notes at the Early Redemption Amount) include, in respect of Shares, Potential Adjustment Events and Extraordinary Events. Potential Adjustment Events include (A) a sub-division, consolidation or re-classification of Shares, (B) an extraordinary dividend, (C) a call of Shares that are not fully paid-up, (D) a repurchase by the Share issuer, or an affiliate thereof, of the Shares, (E) a separation of rights from Shares, or (F) any event having a dilutive or concentrative effect on the value of Shares. Extraordinary Events include (1) a delisting or suspension of Shares on an exchange or of futures or options contracts relating to such Shares on a related exchange, (2) an insolvency or bankruptcy of the issuer of the Shares, (3) a merger event entailing the consolidation of Shares with those of another entity, (4) a nationalisation of the issuer of the Shares or transfer of Shares to a governmental entity, or (5) a tender offer or takeover offer that results in transfer of Shares to another entity.

Upon determining that a Potential Adjustment Event or an Extraordinary Event has occurred in relation to a Share or Share issuer, the Issuer has discretion to make certain determinations to account for such event including to (aa) make adjustments to the terms of the Notes (without the consent of Securityholders), and/or (bb) (in the case of an Extraordinary Event) (x) if the terms of the Notes do not provide for the amount payable at maturity to be subject to a minimum amount or for Instalment Amounts to be payable, cause an early redemption of the Notes, or (y) otherwise, redeem the Notes at the scheduled maturity by payment of the Early Redemption Amount instead of the Final Redemption Amount. Any of such determinations may have an adverse effect on the value of and return on the Notes. Following a determination by the Issuer in accordance with (bb)(x) or (bb)(y), no other amounts shall be payable in respect of the Notes on account of interest or otherwise, provided that, in respect of Instalment Notes, notwithstanding the occurrence of such an event, each Instalment Amount scheduled to be paid (but unpaid) on an Instalment Date falling on or after the Early Redemption Date shall continue to be paid on such Instalment Date.

(iv) *Loss of return of dividends in respect of most Notes linked to Shares*

Unless the terms and conditions of the Notes specify otherwise, holders of such Notes in respect of which an Underlying Asset is a Share will not participate in dividends or other distributions paid on such Share. Therefore, the return on such Notes will not reflect the return a Securityholder would have realised had it actually owned such Shares and received the dividends in respect of them.

(b) **Risks associated with equity indices**

In this Sub-Category the specific risks of equity indices that Notes may be linked to are set out.

(i) *Factors affecting the performance of Indices may adversely affect the value of and return on the Notes*

Indices are comprised of a synthetic portfolio of shares or other assets, and as such, the performance of an Index is dependent upon the macroeconomic factors relating to the shares or other components that comprise such Index, which may include interest and price levels on the capital markets, currency developments, political factors and (in the case of shares) company-specific factors such as earnings position, market position, risk situation, shareholder structure and distribution policy. Any of the factors affecting the performance of Indices may in turn adversely affect the market value of and return on Notes that are linked to Indices.

(ii) *Returns on Notes will not be the same as a direct investment in futures or options on the Index or in the underlying components of the Index*

An investment in the Notes linked to Indices is not the same as a direct investment in futures or option contracts on any or all of the relevant Indices nor any or all of the components included in each Index. In particular, investors will not benefit directly from any positive movements in any Index nor will investors benefit from any profits made as a direct result of an investment in such Index. Accordingly, changes in the performance of any Index may not result in comparable changes in the market value of or return on the Notes linked to such Index.

The rules of an Index might stipulate that dividends distributed on its components do not lead to a rise in the Index Level, for example, if it is a "price" index. As a result, holders of Notes linked to such Index would lose the benefit of any dividends paid by the components of the Index and such Notes would not perform as well as a position where such holder had invested directly in such components or where they invested in a "total return" version of the Index. Even if the rules of the relevant underlying Index provide that distributed dividends or other distributions of the components are reinvested in the Index and therefore result in raising its level, in some circumstances the dividends or other distributions may not be fully reinvested in such Index. Consequently, investors in Notes that are linked to an Index that is a price index should note that dividends paid by the components of the Index will not raise the level of the Index. Similarly, investors in Notes that are linked to an Index that is a total return index should note that under certain circumstances not all of the dividends paid by a component of the Index might be reinvested and therefore such dividends will not fully contribute to a rise in the level of the Index.

(iii) *Occurrence of Index Cancellation*

If the Issuer determines that an Index Cancellation has occurred in respect of an Index, if "Issuer Adjustment" is specified as applicable, the Issuer shall calculate the Final Redemption Amount and/or any relevant Interim Payment by using the level of the relevant Index using only those securities that comprised such Index immediately prior to such Index Cancellation Event (other than those securities that have since ceased to be listed on the relevant Exchange) or alternatively, if the Issuer determines that the modification is solely of a mathematical nature it may in its discretion alternatively use the published level of the Index and make such consequential changes to the method of calculating the Final Redemption Amount and/or the relevant Interim Payment, as the case may be, as it may determine to be appropriate to preserve the economic equivalent effect of the Notes or if "Redemption and Payment" is specified as applicable, redeem the Security at the fair market value of such Security.

(iv) *Occurrence of Index Adjustment Events*

Upon determining that an Index Adjustment Event (if defined in the Pricing Supplement) has occurred in relation to an Index if "Issuer Adjustment" is specified as applicable, the Issuer shall calculate the Final Redemption Amount and/or any relevant Interim Payment by using the level of the relevant Index using only those securities that comprised such Index immediately prior to such Index Adjustment Event (other than those securities that have since ceased to be listed on the relevant Exchange) or alternatively, if the Issuer determines that the modification is solely of a mathematical nature it may in its discretion alternatively use the published level of the Index and make such consequential changes to the method of calculating the Final Redemption Amount and/or the relevant Interim Payment, as the case may be, as it may determine to be appropriate to preserve the economic equivalent effect of the Notes or if "Redemption and Payment" is specified as applicable, redeem the Security at the fair market value of such Security.

(v) *Decrement Indices*

Where an underlying asset is a "decrement" index, a pre-determined amount (a "**Synthetic Dividend**") is periodically deducted from the level of such index. The amount of such Synthetic Dividend may be expressed as a percentage of the prevailing index level or as a fixed number of index points.

A decrement index (after deduction of the pre-determined Synthetic Dividend) will underperform the corresponding total return index (ie where realised dividends have been reinvested and without any deduction of Synthetic Dividend).

A decrement index (after deduction of the pre-determined Synthetic Dividend) may perform differently in comparison to the corresponding price return index (ie where the realised dividends are not reinvested, and without any deduction of Synthetic Dividend). If the Synthetic Dividend is larger than the relevant realised level of dividends, the decrement index will underperform the corresponding price return index. If the Synthetic Dividend is smaller than the relevant realised level of dividends, the decrement index will outperform an otherwise equivalent price return index.

Specific risks for decrement in index points

In respect of decrement indices where the synthetic dividend is expressed as a number of index points, the Synthetic Dividend yield (defined as the ratio of the fixed index point decrement to the relevant decrement index level) will increase in a negative market scenario as this is a fixed amount and not a percentage of the index level. As such, a decrement index is likely to underperform a

corresponding price return index when the index is decreasing and such underperformance will accelerate as the level of the decrement index decreases.

Further, since the amount of decrement expressed in index points will not vary with the level of the decrement index, such index level may become negative. This could adversely affect the value of and return on the Notes.

(c) Risks associated with commodities and commodity indices

In this Sub-Category the specific risks of commodities and commodity indices that Notes may be linked to under the Programme are set out.

(i) *Factors affecting the performance of commodities and commodity indices may adversely affect the value of Notes*

Trading in commodities may be extremely volatile. Commodity prices are affected by a variety of factors that are unpredictable including, for example, changes in supply and demand relationships, weather patterns and extreme weather conditions, governmental programmes and policies, national and international political, military, terrorist and economic events, fiscal, monetary and exchange control programmes and changes in interest and exchange rates. Commodities markets may be subject to temporary distortions or other disruptions due to various factors, including lack of liquidity, the participation of entities who are neither end-users or producers and government regulation and intervention. The current or "spot" prices of physical commodities may also affect, in a volatile and inconsistent manner, the prices of futures contracts in respect of a commodity.

Certain emerging market countries – such as China – have become very significant users of certain commodities. Therefore, economic developments in such jurisdictions may have a disproportionate impact on demand for such commodities.

Certain commodities may be produced in a limited number of countries and may be controlled by a small number of producers. Therefore, developments in relation to such countries or producers could have a disproportionate impact on the prices of such commodities.

In summary, commodity prices may be more volatile than other asset classes and investments in commodities may be riskier than other investments. Any of the circumstances described in this section could adversely affect prices of the relevant commodity, and therefore sharply reduce the market value of and return on any Notes linked to such commodity.

(ii) *Suspension or disruptions of market trading in commodities and related futures contracts may adversely affect the value of and return on the Notes*

The commodity markets are subject to temporary distortions or other disruptions due to various factors, including the lack of liquidity in the markets and government regulation and intervention. In addition, U.S. futures exchanges and some foreign exchanges have regulations that limit the amount of fluctuation in contract prices which may occur during a single business day. These limits are generally referred to as "daily price fluctuation limits" and the maximum or minimum price of a contract on any given day as a result of these limits is referred to as a "limit price". Once the limit price has been reached in a particular contract, trading in the contract will follow the regulations set forth by the trading facility on which the contract is listed. Limit prices may have the effect of precluding trading in a particular commodity contract, which could adversely affect the value of a commodity or a commodity index and, therefore, the value of and return on any Notes linked to such commodity or commodity index.

(iii) *Legal and regulatory changes*

Commodities are subject to legal and regulatory regimes that may change in ways that could affect the ability of the Issuer and/or any of its affiliates to hedge the Issuer's obligations under the Notes. Such legal and regulatory changes could lead to the early redemption of the Notes or to the adjustment of the terms and conditions of the Notes. Commodities are subject to legal and regulatory regimes in the United States and, in some cases, in other countries that may change in ways that could adversely affect the value of the Notes.

The Dodd-Frank Act includes numerous provisions relating to the regulation of the futures and OTC derivative markets. The Dodd-Frank Act requires regulators, including the Commodity Futures Trading Commission (the "**CFTC**"), to adopt regulations in order to implement many of the requirements of the legislation. While the CFTC has adopted many of the final regulations and has proposed certain others, the ultimate nature and scope of all potentially relevant regulations cannot yet be determined. Under the Dodd-Frank Act, the CFTC has re-proposed a rule to impose limits on the size of positions that can be held by market participants in futures and OTC derivatives on physical commodities, after the prior version of such rule was struck down by a U.S. Federal court. While the comment period for such rule has expired, it is unclear when such rule will actually take effect, or if there will be any further changes to the version as re-proposed. In addition, the CFTC has made certain changes to the regulations that may subject certain transactions utilising swaps to regulation as "commodity pools", unless an exemption from registration is available. There is only limited interpretive guidance as to the precise meaning, scope and effect of many such regulations. Further, the U.S. Congress is considering further legislation, generally intended to "scale back" the scope of certain Dodd-Frank regulations. It is not possible to predict the ultimate scope of such legislation, whether or not it ultimately becomes a law and the date(s) from which its provisions will apply.

In 2017, U.S. Regulators (including Federal Reserve) issued final rules designed to improve the resolvability of U.S. headquartered G-SIBs and the U.S. operations of non-U.S. G-SIBs. The Federal Reserve's rule applies to the U.S. subsidiaries, branches and agencies of the Group ("**CS Covered Entities**"). In addition, the rule requires CS Covered Entities to modify their Qualified Financial Contracts ("**QFCs**") to obtain agreement of counterparties that (a) their QFCs are subject to the stays on early termination rights under the Orderly Liquidation Authority and the Federal Deposit Insurance Act, which is similar to requirements introduced in other jurisdictions to which we are already subject, and (b) certain affiliate-linked default rights would be limited or overridden if an affiliate of the G-SIB entered proceedings under the U.S. Bankruptcy Code or other insolvency or resolution regimes. A QFC is broadly defined to cover a wide variety of financial transactions, including without limitation swaps and other derivatives, repos and reverse repos, securities lending and borrowing transactions, contracts for the purchase and/or sale of securities, CDOs or mortgage loans, commodities contracts, forward contracts, certain spot transactions, guarantees or credit support enhancements related to the foregoing. The rule also requires that CS Covered Entities ensure that all future QFCs comply with the rules, or to cease transacting with the entire counterparty corporate family group. Covered QFCs must be conformed to the rules' requirements starting 1 January 2019, with full compliance by 1 January 2020. ISDA has developed the 2018 U.S. Resolution Stay Protocol (the "**U.S. Resolution Stay Protocol**") to facilitate compliance with the final rules. In order to permit the continued ability of the Issuer to transact with CS Covered Entities, it is expected that the Issuer will adhere to the U.S. Resolution Stay Protocol, which will amend QFCs entered into between CS Covered Entities and the Issuer. The U.S. Resolution Stay Protocol overrides certain cross-default rights and certain other rights related to the entry of a CS Covered Entity or certain of its affiliates into certain resolution proceedings, subject to certain conditions. U.S. Regulators have indicated that adherence to the U.S. Resolution Stay Protocol is an acceptable means to satisfy the rule's requirements. Adhering to the U.S. Resolution Stay Protocol may limit the right of

the Issuer on behalf of the Securityholders to exercise its rights under any QFC against a swap counterparty that is a CS Covered Entity.

While the full impact of such regulations is not yet known, these regulatory changes are likely to restrict the ability of market participants to participate in the commodity, future and swap markets and markets for other OTC derivatives on physical commodities to the extent and at the levels that they have in the past. These factors may have the effect of reducing liquidity and increasing costs in these markets as well as affecting the structure of the markets in other ways. In addition, these legislative and regulatory changes are likely to further increase the level of regulation of markets and market participants, and therefore the costs of participating in the commodities, futures and OTC derivative markets. Amongst other things, these changes require many OTC derivative transactions to be executed on regulated exchanges or trading platforms and cleared through regulated clearing houses. Swap dealers are required to be registered with the CFTC and, in certain cases, the SEC, and are subject to various regulatory requirements, including capital and margin requirements. In addition, the CFTC and certain other U.S. regulatory authorities have adopted rules with respect to the posting and collecting of initial and variation margin, which will apply to many derivative transactions that are not cleared on a regulated exchange or trading platform. In general, the required margin levels for such uncleared derivatives is higher than would apply if such transaction were centrally cleared. While such rules are being phased in over time, they are already applicable in respect of derivative exposures in excess of specified amounts. The various legislative and regulatory changes, and the resulting increased costs and regulatory oversight requirements, could result in market participants being required to, or deciding to, limit their trading activities, which could cause reductions in market liquidity and increases in market volatility. These consequences could adversely affect the prices of commodities, which could in turn adversely affect the return on and value of the Notes. The adoption of any changes in law, which may include (but not be limited to) position limit regulations and other measures which may interfere with the ability of the Issuer (or any of its affiliates) to hedge its obligations under the Notes, may result in the occurrence of a "Change in Law" or a "Hedging Disruption", each of which is an Additional Disruption Event in respect of commodity-linked securities and commodity index-linked securities (see risk factor in section 3(e) above (*Occurrence of Additional Disruption Events*)).

MiFID II and the Markets in Financial Instruments Regulation ("**EU MiFIR**") and the latter as part of English law by virtue of the EUWA impose a number of key changes aimed at reducing systemic risk, combating disorderly trading and reducing speculative activity in commodity derivatives markets through the imposition of new position limits and management powers by trading venues and national regulators and the grant of additional intervention powers to ESMA. These applied from 3 January 2018 and could have an adverse effect on the prices of commodities and the return on and value of the Notes.

The European Market Infrastructure Regulation (Regulation (EU) No 648/2012) ("**EU EMIR**") and the latter as part of English law by virtue of the EUWA ("**UK EMIR**") require mandatory clearing of certain OTC derivative contracts, reporting of derivatives and risk mitigation techniques (including margin requirements) for uncleared OTC derivative contracts. EU EMIR and UK EMIR will likely impact a number of market participants and may increase the cost of transacting certain derivatives. As and when implementing measures in relation to this regulation are adopted or if other regulations or implementing measures in relation to these regulations are adopted in the future, they could have an adverse impact on the price of a commodity or the level of a commodity index, and the value of and return on the Notes.

- (iv) *Future prices of commodities within a commodity index that are different relative to their current prices may result in a reduced amount payable or deliverable upon redemption or exercise*

Commodity contracts have a predetermined expiration date – a date on which trading of the commodity contract ceases. Holding a commodity contract until expiration will result in delivery of the underlying physical commodity or the requirement to make or receive a cash settlement. Alternatively, "rolling" the commodity contracts means that the commodity contracts that are nearing expiration (the "near-dated" commodity contracts) are sold before they expire and commodity contracts that have an expiration date further in the future (the "longer-dated" commodity contracts) are purchased. Investments in commodities apply "rolling" of the component commodity contracts in order to maintain an ongoing exposure to such commodities.

If the market for a commodity contract is in "backwardation", then the price of the longer-dated commodity contract is lower than in the near-dated commodity contract. The rolling therefore from the near-dated commodity contract to the longer-dated commodity contract creates a "roll yield", the amount of which will depend on the amount by which the unwind price of the former exceeds the spot price of the latter at the time of rolling. Conversely, if the market for a commodity contract is in "contango", then the price of the longer-dated contract is higher than the near-dated commodity contract. This could result in negative "roll yields".

As a result of rollover gains/costs that have to be taken into account within the calculation of such indices and under certain market conditions, such indices may outperform or underperform the underlying commodities contained in such indices. Furthermore, the prices of the underlying commodities may be referenced by the price of the current futures contract or active front contract and rolled into the following futures contract before expiry.

The value of Notes linked to a commodity index is, therefore, sensitive to fluctuations in the expected futures prices of the relevant commodities contracts comprising such commodity index. A commodity index may outperform or underperform its underlying commodities. In a "contango" market, this could result in negative "roll yields" which, in turn, could reduce the level of such commodity index and, therefore, have an adverse effect on the value of and return on the Notes.

- (v) *Commodity indices may include contracts that are not traded on regulated futures exchanges*

Commodity indices are typically based solely on futures contracts traded on regulated futures exchanges. However, a commodity index may include over-the-counter contracts (such as swaps and forward contracts) traded on trading facilities that are subject to lesser degrees of regulation or, in some cases, no substantive regulation. As a result, trading in such contracts, and the manner in which prices and volumes are reported by the relevant trading facilities, may not be subject to the provisions of, and the protections afforded by, for example, the U.S. Commodity Exchange Act of 1936, or other applicable statutes and related regulations that govern trading on regulated U.S. futures exchanges, or similar statutes and regulations that govern trading on regulated UK futures exchanges. In addition, many electronic trading facilities have only recently initiated trading and do not have significant trading histories. As a result, the trading of contracts on such facilities, and the inclusion of such contracts in a commodity index, may be subject to certain risks not presented by, for example, U.S. or UK exchange-traded futures contracts, including risks related to the liquidity and price histories of the relevant contracts.

- (vi) *A change in the composition or discontinuance of a commodity index could adversely affect the market value of and return on the Notes*

The sponsor of a commodity index can add, delete or substitute the underlying components of such commodity index or make other methodological changes that could change the level of one or more underlying components. The changing of

underlying components of any commodity Index may affect the level of such commodity index as a newly added underlying component may perform significantly worse or better than the underlying component it replaces, which in turn may adversely affect the value of and return on the Notes. The sponsor of a commodity index may also alter, discontinue or suspend calculation or dissemination of such commodity index. The sponsor of a commodity index will have no involvement in the offer and sale of the Notes and will have no obligation to any investor in such Notes. The sponsor of a commodity index may take any actions in respect of such commodity index without regard to the interests of investors in the Notes, and any of these actions could adversely affect the value of and return on the Notes.

- (vii) *Continuation of calculation of commodity Index Level upon the occurrence of a disruption event in relation to a underlying component*

If a disruption event occurs with respect to any underlying component included in a commodity Index, the adjustment provisions included in the terms and conditions of the Notes will apply, including the determination by the Issuer of the value of the relevant disrupted underlying component and, in turn, the value of such commodity index on the date specified in such Notes. However, regardless of the disruption event, the sponsor of the commodity index may continue to calculate and publish the level of such commodity index. In such circumstances, investors in the Notes should be aware that the value of the commodity index determined by the Issuer upon the occurrence of a disruption event may not reflect the value of the commodity index as calculated and published by the sponsor of such commodity index for the relevant valuation date, nor would the Issuer be willing to settle, unwind or otherwise use any such published value while a disruption event is continuing with respect to any underlying component included in a commodity index. Any of these actions could have an adverse effect on the value of and return on the Notes.

(d) Risks associated with ETFs

In this Sub-Category the specific risks of ETFs that Notes may be linked to under the Programme are set out.

- (i) *Factors affecting the performance of ETFs may adversely affect the value of Notes*

The performance of ETFs is dependent upon the performance of a portfolio of assets which they track. As a result, the performance of an ETF is dependent upon macroeconomic factors affecting the performance of such assets, such as interest and price levels on the capital markets, currency developments, political factors as well as company-specific factors such as earnings position, market position, risk situation, shareholder structure and distribution policy. Any of these factors affecting the performance of the assets within such portfolio may in turn adversely affect the market value of and return on the Notes that are linked to such ETFs.

- (ii) *Where the Underlying Asset is an ETF, there is a risk that an ETF will not accurately track its underlying asset(s) or index*

Where the Notes are linked to an ETF and the investment objective of such ETF is to track the performance of one or more underlying assets or an index, the investors of such Notes are exposed to the performance of such ETF rather than the underlying asset(s) or index such ETF tracks. For certain reasons, including to comply with certain tax and regulatory constraints, an ETF may not be able to accurately track the underlying asset(s) or the constituent securities of the underlying index, which could give rise to a difference between the performance of the underlying asset(s) or index and such ETF. Accordingly, investors who purchase Notes that are linked to an ETF may receive a lower return than if such

investors had invested directly in the asset(s) or the components of the index underlying such ETF.

- (iii) *Action by fund adviser, fund administrator or sponsor of an ETF may adversely affect the Notes*

The fund adviser, fund administrator or sponsor of an ETF will have no involvement in the offer and sale of the Notes and will have no obligation to any investor in such Notes. The fund adviser, fund administrator or sponsor of an ETF may take any actions in respect of such ETF without regard to the interests of the Securityholders, and any of these actions could adversely affect the market value of and return on the Notes.

- (iv) *An ETF may involve varying levels of risk depending on the tracking strategy and/or technique employed by the fund adviser or the fund administrator*

The fund adviser or the fund administrator of an ETF may use certain tracking strategies or techniques to track the performance of the underlying asset(s) or index, such as full replication (i.e. direct investment in all components included in the underlying share), synthetic replication (such as a swap) or other techniques such as sampling.

An ETF may involve varying levels of risk depending on the tracking strategy and/or techniques employed by the fund adviser or the fund administrator. For example, an ETF using full replication or synthetic replication techniques may be exposed to an unlimited risk of the negative performance of the underlying asset(s) or index. In addition, such ETF may not be able to acquire all components of the underlying asset(s) or index or sell them at reasonable prices. This may affect the ETF's ability to replicate the underlying asset(s) or index and may have a negative impact on the performance of the ETF. ETFs which use swaps for synthetic replication of the underlying asset(s) or index may be exposed to the risk of default of their swap counterparties. An ETF which uses sampling techniques may create portfolios of assets which may comprise only some of the components of the underlying asset(s) or index. Therefore the risk profile of such ETF may not be consistent with the risk profile of the underlying asset(s) or index. The risks that exist at the level of the ETF in respect of the ETF's underlyings and/or swap counterparties may have a negative impact on the performance of the ETF and may therefore also have a negative impact on the amount(s) payable to Securityholders under the Notes.

- (v) *Determinations made by the Issuer in respect of Potential Adjustment Events and Extraordinary Events may have an adverse effect on the value of and return on the Notes*

The adjustment events referred to in section 3(a) above (*Risks in connection with redemption of the Notes at the Early Redemption Amount*) include, in respect of ETF shares, Potential Adjustment Events and Extraordinary Events. Potential Adjustment Events include (A) a sub-division, consolidation or re-classification of ETF shares, (B) an extraordinary dividend, (C) a repurchase by the ETF of the ETF shares, (D) any event having a dilutive or concentrative effect on the value of the ETF shares, or (E) the amendment or supplement to the terms of the deposit agreement in respect of ETF shares which are depositary receipts. Extraordinary Events include (1) a delisting of ETF shares on an exchange, (2) a merger event entailing the consolidation of ETF shares with those of another entity, (3) a nationalisation of the ETF or transfer of ETF shares to a governmental entity, or (4) a tender offer or takeover offer that results in transfer of ETF shares to another entity.

Upon determining that a Potential Adjustment Event or an Extraordinary Event has occurred in relation to an underlying ETF share or ETF, the Issuer has the discretion to make certain determinations to account for such event including to

(aa) make adjustments to the terms of the Notes (without the consent of Securityholders), and/or (bb) (in the case of an Extraordinary Event) (x) if the terms of the Notes do not provide for the amount payable at maturity to be subject to a minimum amount or for Instalment Amounts to be payable, cause an early redemption of the Notes, or (y) otherwise, redeem the Notes at the scheduled maturity by payment of the Early Redemption Amount instead of the Final Redemption Amount. Any of such determinations may have an adverse effect on the value of and return on the Notes. Following a determination by the Issuer in accordance with (bb)(x) or (bb)(y), no other amounts shall be payable in respect of the Notes on account of interest or otherwise, provided that, in respect of Instalment Notes, notwithstanding the occurrence of such an event, each Instalment Amount scheduled to be paid (but unpaid) on an Instalment Date falling on or after the Early Redemption Date shall continue to be paid on such Instalment Date.

- (e) Risks associated with reference rates by reference to which any amount payable under the Notes is determined

In this Sub-Category the specific risks of reference rates by reference to which any amount payable under the Notes is determined are set out.

- (i) *Factors affecting reference rates*

Reference rates are mainly dependent upon the factors of the supply and demand for credit in the money market, i.e., the rates of interest paid on investments, determined by the interaction of supply of and demand for funds in the money market. The supply and demand in the money market on the other hand is dependent upon macroeconomic factors, such as interest and price levels on the capital markets, currency developments and political factors, or upon other factors, depending on the specific type of reference rate. Factors that are affecting the performance of the reference rate (s) may adversely affect the market value of, and return (if any) on, the Notes linked thereto.

- (ii) *Risks in connection with the determination of reference rates*

The amount(s) payable under the Notes may be determined by reference to one or more reference rates, such as the floating rate option used to determine the Rate of Interest in respect of Floating Rate Notes, the rate of premium for Notes in respect of which a premium is payable, or any other interest rate, index, benchmark or price source by reference to which any amount payable under the Notes is determined. A reference rate (i) may be materially modified, (ii) may be permanently or indefinitely discontinued or may cease to exist or cease to be representative of the underlying market it is intended to measure, or (iii) may not be used in certain ways by an EU supervised entity and/or UK supervised entity, as the case may be, if its administrator does not obtain authorisation or registration (subject to applicable transitional provisions) (see subsection (i) below (Risks in connection with regulation and reform of "Benchmarks")).

- (f) **Exposure to risk that redemption amounts do not reflect direct investment in the Underlying Assets**

The Final Redemption Amount payable (or Share Amount deliverable) on Notes that reference Underlying Assets may not reflect the return a Securityholder would realise if it actually owned the relevant Underlying Assets and received distributions paid in respect of those Underlying Assets because the price of the Underlying Assets or underlying shares on any specified valuation dates may not take into consideration the value of such distributions. Accordingly, a Securityholder of Notes that reference Underlying Assets or

underlying shares may receive a lower payment upon redemption of such Notes than such Securityholder would have received if it had invested directly in the Underlying Assets.

(g) **A change in the composition or discontinuance of an index could have a negative impact on the value of the Notes**

Where Notes reference an Underlying Asset which is an index, the sponsor of the relevant index can add, delete or substitute the components of such index or make other methodological changes that could change the level of one or more components. The changing of the components of an index may affect the level of such index as a newly added component may perform significantly worse or better than the component it replaces, which in turn may adversely affect the value of and return on the Notes. The sponsor of an index may also alter, discontinue or suspend calculation or dissemination of such index. The sponsor of an index will have no involvement in the offer and sale of the Notes and will have no obligation to any investor in such Notes. The sponsor of an index may take any actions in respect of such index without regard to the interests of the investor in the Notes, and any of these actions could have an adverse effect on the value of and return on the Notes.

(h) **Exposure to emerging markets**

An Underlying Asset may include an exposure to emerging markets. Emerging market countries possess one or more of the following characteristics: a certain degree of political instability, relatively unpredictable financial markets and economic growth patterns, a financial market that is still at the development state or a weak economy. Emerging markets investments usually result in higher risks such as event risk, political risk, economic risk, credit risk, currency rate risk, market risk, regulatory/legal risk and trade settlement, processing and clearing risks as further described below. Investors should note that the risk of occurrence and the severity of the consequences of such risks may be greater than they would otherwise be in relation to more developed countries.

- (i) **Event Risk:** On occasion, a country or region will suffer an unforeseen catastrophic event (for example, a natural disaster) which causes disturbances in its financial markets, including rapid movements in its currency, that will affect the value of securities in, or which relate to, that country. Furthermore, the performance of an Underlying Asset can be affected by global events, including events (political, economic or otherwise) occurring in a country other than that in which such Underlying Asset is issued or traded.
- (ii) **Political Risk:** Many emerging market countries are undergoing, or have undergone in recent years, significant political change which has affected government policy, including the regulation of industry, trade, financial markets and foreign and domestic investment. The relative inexperience with such policies and instability of these political systems leave them more vulnerable to economic hardship, public unrest or popular dissatisfaction with reform, political or diplomatic developments, social, ethnic, or religious instability or changes in government policies. Such circumstances, in turn, could lead to a reversal of some or all political reforms, a backlash against foreign investment, and possibly even a movement away from a market-oriented economy. For Securityholders, the results may include confiscatory taxation, exchange controls, compulsory re-acquisition, nationalisation or expropriation of foreign-owned assets without adequate compensation or the restructuring of particular industry sectors in a way that could adversely affect investments in those sectors. Any perceived, actual or expected disruptions or changes in government policies of a country, by elections or otherwise, can have a major impact on the performance of an Underlying Asset linked to such emerging market countries.
- (iii) **Economic Risk:** The economies of emerging market countries are by their nature in early or intermediate stages of economic development, and are therefore more vulnerable to rising interest rates and inflation. In fact, in many emerging market countries, high interest and inflation rates are the norm. Rates of economic

growth, corporate profits, domestic and international flows of funds, external and sovereign debt, dependence on international trades and sensitivity to world commodity prices play key roles in economic development, yet vary greatly from one emerging market country to another. Businesses and governments in these emerging market countries may have a limited history of operating under market conditions. Accordingly, when compared to more developed countries, businesses and governments of emerging market countries are relatively inexperienced in dealing with market conditions and have a limited capital base from which to borrow funds and develop their operations and economies. In addition, the lack of an economically feasible tax regime in certain countries poses the risk of sudden imposition of arbitrary or excessive taxes, which could adversely affect foreign Securityholders. Furthermore, many emerging market countries lack a strong infrastructure and banks and other financial institutions may not be well-developed or well-regulated. All of the above factors, as well as others, can affect the proper functioning of the economy and have a corresponding adverse effect on the performance of an Underlying Asset linked to one or more emerging market countries.

- (iv) **Credit Risk:** Emerging market sovereign and corporate debt tends to be riskier than sovereign and corporate debt in established markets. Issuers and obligors of debt in these emerging market countries are more likely to be unable to make timely coupon or principal payments, thereby causing the underlying debt or loan to go into default. The sovereign debt of some countries is currently in technical default and there are no guarantees that such debt will eventually be restructured allowing for a more liquid market in that debt. The measure of a company's or government's ability to repay its debt affects not only the market for that particular debt, but also the market for all securities related to that company or country. Additionally, evaluating credit risk for foreign bonds involves greater uncertainty because credit rating agencies throughout the world have different standards, making comparisons across countries difficult. Many debt securities are simply unrated and may already be in default or considered distressed. There is often less publicly available business and financial information about foreign issuers in emerging market countries than those in developed countries. Furthermore, foreign companies are often not subject to uniform accounting, auditing and financial reporting standards. Also, some emerging market countries may have accounting standards that bear little or no resemblance to, or may not even be reconcilable with, generally accepted accounting principles.
- (v) **Currency Risk:** An Underlying Asset may be denominated in a currency other than U.S. dollars, euro or pounds sterling. The weakening of a country's currency relative to the U.S. dollar or other benchmark currencies will negatively affect the value (in U.S. dollar or such other benchmark currency) of an instrument denominated in that currency. Currency valuations are linked to a host of economic, social and political factors and can fluctuate greatly, even during intra-day trading. It is important to note that some countries have foreign exchange controls which may include the suspension of the ability to exchange or transfer currency, or the devaluation of the currency. Hedging can increase or decrease the exposure to any one currency, but may not eliminate completely exposure to changing currency values.
- (vi) **Market Risk:** The emerging equity and debt markets of many emerging market countries, like their economies, are in the early stages of development. These financial markets generally lack the level of transparency, liquidity, efficiency and regulation found in more developed markets. It is important, therefore, to be familiar with secondary market trading in emerging markets securities and the terminology and conventions applicable to transactions in these markets. Price volatility in many of these markets can be extreme. Price discrepancies can be common as can market dislocation. Additionally, as news about a country becomes available, the financial markets may react with dramatic upswings and/or downswings in prices during a very short period of time. These emerging market countries also might not have regulations governing manipulation and

insider trading or other provisions designed to "level the playing field" with respect to the availability of information and the use or misuse thereof in such markets. It may be difficult to employ certain risk management practices for emerging markets securities, such as forward currency exchange contracts, stock options, currency options, stock and stock index options, futures contracts and options on futures contracts.

- (vii) **Regulatory/Legal Risk:** In emerging market countries there is generally less government supervision and regulation of business and industry practices, stock exchanges, over-the-counter markets, brokers, dealers and issuers than in more developed countries. Whatever supervision is in place may be subject to manipulation or control. Many emerging market countries have mature legal systems which are comparable to those of more developed countries, whilst others do not. The process of regulatory and legal reform may not proceed at the same pace as market developments, which could result in confusion and uncertainty and, ultimately, increased investment risk. Legislation to safeguard the rights of private ownership may not yet be in place in certain areas, and there may be the risk of conflict among local, regional and national requirements. In certain areas, the laws and regulations governing investments in securities may not exist or may be subject to inconsistent or arbitrary application or interpretation and may be changed with retroactive effect. Both the independence of judicial systems and their immunity from economic, political or nationalistic influences remain largely untested in many countries. Judges and courts in many countries are generally inexperienced in the areas of business and corporate law. Companies are exposed to the risk that legislatures will revise established law solely in response to economic or political pressure or popular discontent. There is no guarantee that a foreign Securityholder would obtain a satisfactory remedy in local courts in case of a breach of local laws or regulations or a dispute over ownership of assets. A Securityholder may also encounter difficulties in pursuing legal remedies or in obtaining and enforcing judgments in foreign courts.
- (viii) **Trade Settlement, Processing and Clearing:** Many emerging market countries have different clearance and settlement procedures from those in more developed countries. For many emerging markets securities, there is no central clearing mechanism for settling trades and no central depository or custodian for the safekeeping of securities. Custodians can include domestic and foreign custodian banks and depositories, among others. The registration, record-keeping and transfer of Notes may be carried out manually, which may cause delays in the recording of ownership. Where applicable, the Issuer will settle trades in emerging markets securities in accordance with the currency market practice developed for such transactions by the Emerging Markets Traders Association. Otherwise, the transaction may be settled in accordance with the practice and procedure (to the extent applicable) of the relevant market. There are times when settlement dates are extended, and during the interim the market price of any Underlying Assets and in turn the value of the Notes, may change. Moreover, certain markets have experienced times when settlements did not keep pace with the volume of transactions resulting in settlement difficulties. Because of the lack of standardised settlement procedures, settlement risk is more prominent than in more mature markets. In addition, Securityholders may be subject to operational risks in the event that Securityholders do not have in place appropriate internal systems and controls to monitor the various risks, funding and other requirements to which Securityholders may be subject by virtue of their activities with respect to emerging market securities.

(i) **Risks in connection with regulation and reform of "Benchmarks"**

A number of major interest rates, other rates, indices and other published values or benchmarks are the subject of recent or forthcoming national and international regulatory reforms. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any

such consequence could have a material adverse effect on the value of and return on Notes linked to any such value or benchmark.

The Benchmark Regulation

The EU Regulation on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the "**Benchmark Regulation**") is a key element of the ongoing regulatory reform in the EU and has applied, subject to certain transitional provisions, since 1 January 2018. For the purposes of this risk factor, references to the Benchmark Regulation will include where applicable Regulation (EU) 2016/1011 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**UK Benchmark Regulation**") which has applied in the UK since January 2021. The UK Benchmark Regulation among other things, applies to the provision of benchmarks and the use of a benchmark in the UK. Similarly, it prohibits the use in the UK by UK supervised entities of benchmarks of administrators that are not authorised by the FCA or registered on the FCA register (or, if non-UK based, not deemed equivalent or recognised or endorsed).

In addition to so-called "critical benchmarks" such as the London Interbank Offered Rate ("**LIBOR**") in certain remaining settings of USD and the Euro Interbank Offered Rate ("**EURIBOR**"), other interest rates, foreign exchange rates, and indices, including equity, commodity and "proprietary" indices or strategies, will in most cases be within scope of the Benchmark Regulation as "benchmarks" where they are used to determine the amount payable under, or the value of, certain financial instruments (including Notes listed on an EU or UK regulated market or EU or UK multilateral trading facility ("**MTF**")), and in a number of other circumstances.

The Benchmark Regulation applies to the contribution of input data to a benchmark, the administration of a benchmark, and the use of a benchmark in the EU or the UK, as applicable. Amongst other things, the Benchmark Regulation requires EU or UK benchmark administrators to be authorised or registered as such and to comply with extensive requirements relating to benchmark administration. It also prohibits certain uses by EU or UK supervised entities of (i) benchmarks provided by EU or UK administrators which are not authorised or registered in accordance with the Benchmark Regulation and (ii) benchmarks provided by non-EU or non-UK administrators where (A) the administrator's regulatory regime has not been determined to be "equivalent" to that of the EU, (B) the administrator has not been recognised in accordance with the Benchmark Regulation, and (C) the benchmark has not been endorsed in accordance with the Benchmark Regulation.

ESMA maintains a public register of benchmark administrators and third country benchmarks pursuant to the Benchmarks Regulation (the "**ESMA Register**"). Benchmark administrators which were authorised, registered or recognised by the UK Financial Conduct Authority ("**FCA**") prior to 31 December 2020 were removed from the ESMA Register on 1 January 2021. From 1 January 2021 onwards, the FCA has maintained a separate public register of benchmark administrators and non-UK benchmarks pursuant to the UK Benchmark Regulation (the "**UK Register**"). The UK Register retains UK benchmark administrators which were authorised, registered or recognised by the FCA prior to 31 December 2020.

The Benchmark Regulation, if applicable, could have a material impact on Notes linked to a benchmark.

Reform and replacement of Interbank Offered Rates

On 5 March 2021, IBA, the authorised and regulated administrator of LIBOR, announced its intention to cease the publication of all 35 LIBOR settings on 31 December 2021, or for certain USD LIBOR settings, on 30 June 2023 (the "**IBA Announcement**"). The IBA notified the Financial Conduct Authority ("**FCA**") of its intention and on the same date, the FCA published an announcement on the future cessation and loss of representativeness of the 35 LIBOR settings (the "**FCA Announcement**"). The FCA Announcement states

that all 35 LIBOR maturities and currencies will either cease to be published by any administrator or will no longer be representative as follows:

- (i) all 7 euro LIBOR ("**EUR LIBOR**") settings, all 7 Swiss franc LIBOR ("**CHF LIBOR**") settings, the Spot Next, 1-week, 2-month and 12-month Japanese yen LIBOR ("**JPY LIBOR**") settings, the overnight, 1-week, 2-month and 12-month GBP LIBOR settings, and the 1-week and 2-month USD LIBOR settings will cease to be published immediately after 31 December 2021;
- (ii) the overnight and 12-month USD LIBOR settings will cease to be published immediately after 30 June 2023;
- (iii) the 1-month, 3-month and 6-month JPY LIBOR settings and the 1-month, 3-month and 6-month GBP LIBOR settings will no longer be representative immediately after 31 December 2021; and
- (iv) the 1-month, 3-month and 6-month USD LIBOR settings will no longer be representative immediately after 30 June 2023.

The FCA has the power under UK legislation to designate a critical benchmark (or specified tenors/currencies of such benchmark) as an A.23A benchmark under the UK Benchmark Regulation in summary where it is not representative of the market or economic reality it is intended to measure or the representativeness of the benchmark is at risk and the representativeness of the benchmark cannot or should not be maintained or restored. In this case the FCA is permitted to require the methodology of an Article 23A benchmark to be amended and that the benchmark continues to be calculated on that amended basis.

As of 1 January 2022, the 1-month, 3-month and 6-month GBP and JPY settings ("**Synthetic LIBOR**") were designated by the FCA as A.23A benchmarks. As of that date, any new use (within the meaning given to such term in the UK Benchmark Regulation) of Synthetic LIBOR by any supervised entity in scope of the UK Benchmark Regulation is prohibited. Legacy use (within the meaning given to such term in the UK Benchmark Regulation) of Synthetic LIBOR by supervised entities in scope of the UK Benchmark Regulation is however generally permitted until further notice, except in cleared derivatives transactions.

Such Synthetic LIBOR is calculated on a forward-looking term basis plus a fixed spread but, there is no guarantee that over time any such rate will be similar to the original LIBOR rate. In addition, there is no guarantee as to how long any Synthetic LIBOR rate will be available. Synthetic JPY LIBOR is expected to cease at until the end of 2022. The FCA is expected to seek views via a public consultation in the near future on retiring 1 and 6 month synthetic GBP LIBOR at the end of 2022, and on when to retire 3 month synthetic GBP LIBOR. No decision has been made on the introduction of synthetic LIBOR for those USD LIBOR settings continuing until June 2023 but "new use" (within the meaning given to such term in the UK Benchmark Regulation) of these USD LIBOR settings by UK supervised entities in in-scope instruments has been prohibited from 1 January 2022, subject to limited exceptions.

Differences in methodologies

While Floating Rate Notes may be issued referring to SONIA for GBP, SOFR for USD, €STR for Euro or SARON for CHF or TONA for JPY, each of these Risk Free Rates is "backward-looking", meaning that interest payments are calculated shortly before the relevant Interest Payment Date. Therefore, investors will have significantly less notice of the amounts due to be paid for an Interest Period where the relevant interest rate is determined by reference to a Risk Free Rate and it may be difficult for investors in Notes that reference such rates to reliably estimate the amount of interest that will be payable on such Notes. Forward-looking Risk Free Rates are not generally available as of the date of Listing Supplement and this Supplement to Listing Supplement and there is no certainty

that a forward-looking Risk Free Rate will be available in respect of any currency or any particular product in the future.

Whilst IBORs are forward-looking term rates that embed bank credit risk, the Risk Free Rates identified as of the data of Listing Supplement and this Supplement to Listing Supplement are overnight rates and are intended to be nearly risk-free. However Risk Free Rates are comparatively new and less historical data is available than for IBORs. Notes linked to such rates may have no established trading market when issued, and an established trading market may never develop or may not be very liquid. As such, investors should be aware that SONIA, SOFR, €STR, SARON and TONA may behave materially differently from IBORs as interest reference rates for Notes issued under the Programme and could provide a worse return over time than an IBOR. Moreover, any hypothetical or historical performance data and trends that may exist in respect of Risk Free Rates are not indicative of, and have no bearing on, the potential performance of Risk Free Rates and therefore Securityholders should not rely on any such data or trends as an indicator of future performance. Daily changes in Risk Free Rates have, on occasion, been more volatile than daily changes in comparable benchmark or market rates. As a result, the return on and value of securities linked to Risk Free Rates may fluctuate more than floating rate securities that are linked to less volatile rates. The future performance of any Risk Free Rate is impossible to predict, and therefore no future performance of any Risk Free Rate should be inferred from any hypothetical or historical data or trends.

(j) Risks in connection with the development of Risk Free Rates

Investors should also be aware that the market continues to develop in relation to the Risk Free Rates as reference rates in the capital markets. Market terms for securities linked to SONIA, SOFR, €STR, SARON, TONA and/or any other Risk Free Rate, such as the spread over the relevant rate reflected in interest rate provisions, may evolve over time, and trading prices of the Notes linked to SONIA, SOFR, €STR, SARON, TONA and/or any other Risk Free Rate may be lower than those of later-issued securities linked to the same rate as a result. The market or a significant part thereof (including the Issuer) may adopt an application of the Risk Free Rates that differs significantly from that set out in the terms and conditions for the Notes (including in relation to fallbacks in the event that such Risk Free Rates are discontinued or fundamentally altered).

(k) Risks in connection with "Shift" and "Lag" methodologies

Where the Rate of Interest for Floating Rate Notes is Compounded Daily SONIA, Compounded Daily SOFR, Compounded Daily €STR or Compounded Daily TONA, the Observation Method will be specified as "Shift" or "Lag" as applicable. "Shift" and "Lag" have emerged as conventions for daily compounding of rates in arrears. The conventions differ in the period that each method uses when weighting each business day's overnight rate for the relevant Risk Free Rate. The "Shift" approach weights the relevant Risk Free Rate according to the relevant number of days that apply in a separate observation period which 'shadows' the Interest Period e.g. the observation period might start and end five business days preceding the relevant start and end of the Interest Period. The "Lag" approach weights the relevant Risk Free Rate according to the number of days that apply in the relevant Interest Period. Investors should be aware that divergence between the "Shift" and "Lag" methodologies could lead to a difference in the interest being determined even where the relevant Risk Free Rate is the same for the Floating Rate Notes and may not be what the investors expected.

(l) Risks in connection with adoption or application of Risk Free Rates

In addition, the manner of adoption or application of the Risk Free Rates in the Eurobond markets may differ materially compared with the application and adoption of the Risk Free Rates in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of such rates across these markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of any Notes referencing

SONIA, SOFR, €STR, SARON or TONA. Investors should consider these matters when making their investment decision with respect to any such Notes.

(m) **The Issuer has no control over the determination, calculation or publication of SONIA, SOFR, €STR, SARON or TONA**

The Issuer has no control over the determination, calculation or publication of SONIA, SOFR, €STR, SARON or TONA. There can be no guarantee that such rates will not be discontinued, suspended or fundamentally altered in a manner that is materially adverse to the interests of investors in Notes linked to the relevant rate. In particular, the administrators of SONIA, SOFR, €STR, SARON or TONA may make methodological or other changes that could change the value of these Risk Free Rates, including changes related to the method by which such Risk Free Rates are calculated, eligibility criteria applicable to the transactions used to calculate such rates, or timing related to the publication of such rates. An administrator has no obligation to consider the interests of Securityholders when calculating, adjusting, converting, revising or discontinuing any such RFR. If the manner in which SONIA, SOFR, €STR, SARON or TONA is calculated is changed, that change may result in a reduction of the amount of interest payable on such Notes and the trading prices of such Notes.

6. Risks in connection with the purchase, holding and selling of Notes (Risk Category 6)

In this Risk Category 6 the risks in connection with the purchase, holding and selling of Notes are set out.

(a) **Risks related to fluctuation in the market value of the Notes**

The market value of the Notes will be affected by many factors beyond the control of the Issuer, including, but not limited to, the following:

- (i) the creditworthiness of the Issuer (whether actual or perceived), including actual or anticipated downgrades in its credit rating. The creditworthiness of the Issuer is generally also expected to be reflected in the credit spread on debt securities issued by it, i.e. the margin payable by the Issuer to an investor as a premium for the assumed credit risk. Factors influencing the credit spread of the Issuer include, among other things, the creditworthiness and rating of the Issuer, probability of default of the Issuer, estimated recovery rate in liquidation and remaining term of the relevant Security. The liquidity situation, the general level of interest rates, overall economic, national and international political and financial regulatory developments, and the currency in which the relevant Security is denominated may also have a negative effect on the credit spread of the Issuer;
- (ii) the remaining time to maturity of the Notes;
- (iii) interest rates and yield rates in the relevant market(s);
- (iv) the volatility (i.e., the frequency and size of changes in the value) of the Underlying Asset(s) (if any);
- (v) the value of the Underlying Asset(s) to which the Notes are linked (if any). The price, performance or investment return of the Underlying Asset(s) may be subject to sudden and large unpredictable changes over time and this degree of change is known as "volatility". The volatility of an Underlying Asset may be affected by national and international economic, financial, regulatory, political, military, judicial or other events, including governmental actions, or by the activities of participants in the relevant markets. Any of these events or activities could adversely affect the value of and return on the Notes.

- (vi) if the Notes are linked to a Share, the dividend rate on such Share or if the Notes are linked to an Index comprised of shares, the dividend rate on the components underlying such Index;
- (vii) if the Notes are linked to a Share or an ETF share, the occurrence of certain corporate events in relation to such Share or ETF share, as the case may be;
- (viii) if the Notes are linked to a commodity or a commodity index, supply and demand trends and market prices at any time for such Commodity or the futures contracts on such commodity (or, in respect of a commodity index, the commodity(ies) or the futures contracts on the commodity(ies) underlying such commodity index);
- (ix) national and international economic, financial, regulatory, political, military, judicial and other events that affect the value of the Underlying Asset(s) or the relevant market(s) generally; and
- (x) the exchange rate(s) between the currency in which the Notes are denominated and the currency in which the Underlying Asset(s) is denominated and the volatility of such exchange rate(s).

(b) Risks in connection with the secondary market in general

A secondary market for the Notes may not develop and if one does develop, it may not provide the holders of the Notes with liquidity or may not continue for the life of the Notes. A decrease in the liquidity of the Notes may cause, in turn, an increase in the volatility associated with the price of such Notes. Illiquidity may have a severe adverse effect on the market value of the Notes.

The Issuer may, but is not obliged to, purchase the Notes at any time at any price in the open market or by tender or private treaty and may hold, resell or cancel them. The market for the Notes may be limited. The only way in which a Securityholder can realise value from a Security prior to its maturity or expiry is to sell it at its then market price in the market which may be less than the amount initially invested. The price in the market for a Security may be less than its Issue Price even though the value of the Underlying Asset(s) may not have changed since the Issue Date. Further, the price at which a Securityholder sells its Notes in the market may reflect a commission or a dealer discount, which would further reduce the proceeds such Securityholder would receive for its Notes. If a Securityholder sells its Notes prior to the Maturity Date, it may suffer a substantial loss.

Any secondary market price quoted by the Issuer may be affected by several factors including, without limitation, prevailing market conditions, credit spreads and the remaining time to maturity of the Notes. The Notes are also subject to selling restrictions and/or transfer restrictions that may limit a Securityholder's ability to resell or transfer its Notes. Accordingly, the purchase of Notes is suitable only for investors who can bear the risks associated with a lack of liquidity in the Notes and the financial and other risks associated with an investment in the Notes. Any investor in the Notes must be prepared to hold such Notes for an indefinite period of time or until redemption or expiry of the Notes.

(c) Risks Relating to use of Proceeds

The Pricing Supplement relating to any issuance of specific Notes may provide that it will be the Issuer's intention to allocate or reallocate (or cause Credit Suisse Group AG or any of its affiliates to allocate or reallocate) the proceeds from such Notes to the financing and/or refinancing of certain businesses and projects in accordance with the framework agreements relating to green financing (as may be entered into and/or amended from time to time). The Issuer, Credit Suisse Group AG or any of its affiliates (as the case may be), based on its project evaluation and selection process, will exercise its judgment and sole discretion in determining the businesses and projects that will be financed by the proceeds of any such Notes. Such businesses and projects from time to time may not meet the Issuer's or Credit Suisse Group AG's or any of its affiliates' (as the case may be)

sustainable development goals or relevant framework agreements relating to green financing, as the case may be. Pending the allocation or reallocation, as the case may be, of the net proceeds of such Notes, the Issuer, Credit Suisse Group AG or any of its affiliates, will invest the balance of the net proceeds, at its own discretion, in cash and/or cash equivalent investments.

Businesses or projects which are the subject of, or related to, the relevant framework agreements may not meet investor expectations or any binding or non-binding legal or other standards or taxonomy regarding environmental impact. Such standards might include any present or future applicable law or regulations or under an investor's own by-laws or other governing rules, policies or investment mandates, in particular with regard to any direct or indirect environmental impact. Potential investors of such Notes should have regard to the descriptions of the relevant projects and eligibility criteria (if any) in the applicable Pricing Supplement and determine for itself the relevance of such information and whether all relevant standards for the investor will be met. The purchase of such Notes should be based upon such investigation as investors deem necessary.

Furthermore, the Issuer has no contractual obligation to allocate (or cause allocation of) the proceeds of any such Notes to finance particular businesses and projects or (unless otherwise stated in the Pricing Supplement) to provide reports or obtain any opinion or certification of a third party on, for example, the updated amount of proceeds allocated to particular businesses or projects or the environmental impacts of such financings. Even if any reports are provided or any opinion or certification obtained, these may not satisfy an investor's own by-laws or other governing rules, policies or investment mandates and such reports, opinions and/or certifications may be subject to amendment. Prospective investors must determine for themselves the relevance of any such report, opinion or certification and/or the provider of any report, opinion or certification for the purpose of any investment in such Notes. The providers of such report, opinions and certifications may not be subject to any specific regulatory or other regime or oversight.

Failure by the Issuer or any other relevant entity to so allocate (or cause allocation of) the net proceed or provide reports, or the failure of the external assurance provider (if any) to opine on the report's conformity with the Issuer's or Credit Suisse Group AG's or any of its affiliates' (as the case may be) sustainable development goals or the relevant framework agreement relating to green financing, as the case may be, will not trigger any special termination rights.

There is currently no clear definition (legal, regulatory or otherwise) of, or market consensus as to what constitutes, a "green" or an equivalently-labelled project or asset or as to what precise attributes are required for a particular project or asset to be defined as "green" or such other equivalent label. Prospective investors should note a clear definition or consensus may not develop over time or if market consensus is developed, that any prevailing market consensus may significantly change.

Any of the above factors (and any events that negatively affect the value of any other securities of the Issuer that are intended to finance "green" or equivalently-labelled projects or assets) could have a material adverse effect on the value of such Notes

(d) **Risks in connection with a listing of Notes**

Notes may be listed on an exchange or trading venue and Notes which are listed on an exchange or trading venue may also be delisted during their term. Because other dealers or market participants are not likely to make a secondary market for listed or non-listed Notes, the price at which a holder of Notes may be able to trade listed or non-listed Notes is likely to depend on the bid and offer prices, if any, at which the Issuer or the Calculation

Agent is willing to trade such Notes. Therefore, investors may not be able to sell their Notes easily or at prices reasonably acceptable to them.

(e) **Risks of Notes with an Issue Price above the market value of the Notes on the issue date/ payment date**

The Issue Price in respect of any Notes specified in the relevant Pricing Supplement may be more than the market value of such Notes as at the Issue Date, and more than the price, if any, at which the Dealer, Credit Suisse Bank (Europe), S.A. (either on its own or as an intermediary between the Dealer and any distributor specified as such in the relevant Pricing Supplement)("CSEB") or any other person is willing to purchase such Notes in secondary market transactions.

In particular, the Issue Price in respect of any Notes and the terms of such Notes may take into account, where permitted by law, fees, commissions or other amounts relating to the issue, distribution and sale of such Notes, or the provision of introductory services. Such fees, commissions or other amounts may be paid directly to the relevant distributor or, if the Notes are sold to the relevant distributor at a discount, may be retained by the relevant distributor out of the Issue Price paid by investors.

In addition, the Issue Price in respect of the Notes and the terms of such Notes may also take into account (i) the expenses incurred by the Issuer in creating, documenting and marketing the Notes (including its internal funding costs), and (ii) amounts relating to the hedging of the Issuer's obligations under such Notes.

(f) **Risks in connection with conflicts of interest between the Issuer and holders of Notes and the entities involved in the offer or listing of the Notes**

In making calculations and determinations with regard to the Notes, there may be a difference of interest between the Securityholders and the Issuer and its affiliated entities. Save where otherwise provided in the terms and conditions, the Issuer is required to act in good faith and in a commercially reasonable manner but does not have any obligation of agency or trust for any investors and has no fiduciary obligation towards them. In particular, the Issuer and its affiliated entities may have interests in other capacities (such as other business relationships and activities). Prospective investors should be aware that any determination made by the Issuer may have a negative impact on the value of and return on the Notes.

Each of the Issuer, the Dealer, CSEB or any of their respective affiliates may have existing or future business relationships with each other (including, but not limited to, lending, depository, derivative counterparty, risk management, advisory and banking relationships), and when acting in such other capacities the Issuer, the Dealer, CSEB or any of their respective affiliates may pursue actions and take steps that it deems necessary or appropriate to protect its interests arising therefrom without regard to the consequences for any particular Securityholder.

Potential conflicts of interest may arise in connection with the Notes, as any distributors or other entities involved in the offer and/or the listing of the Notes as indicated in the applicable Pricing Supplement, will act pursuant to a mandate granted by the Issuer and can receive commissions and/or fees on the basis of the services performed in relation to such offer and/or listing.

(g) **Hedging and dealing activities in relation to the Notes and Underlying Asset(s)**

In the ordinary course of its business the Issuer and/or any of its affiliates may effect transactions in Underlying Assets for its own account or for the account of its customers and may enter into one or more hedging transactions with respect to the Notes or related derivatives. Such hedging or market-making activities or proprietary or other trading activities by the Issuer and/or any of its affiliates, may affect the market price, liquidity,

value of or return on the Notes and could be adverse to the interest of the relevant Securityholders.

For example, the Issuer (itself or through an affiliate) may hedge the Issuer's obligations under the Notes by purchasing futures and/or other instruments linked to the Underlying Asset(s) or (if an Index) the stocks or other components underlying the Underlying Asset(s). The Issuer (or affiliate) may adjust its hedge by, among other things, purchasing or selling any of the foregoing, and perhaps other instruments linked to the Underlying Asset(s) or (if applicable) the components, at any time and from time to time, and may unwind the hedge by selling any of the foregoing on or before the maturity date for the securities. The Issuer (or affiliate) may also enter into, adjust and unwind hedging transactions relating to other Notes whose returns are linked to changes in the level, price, rate or other applicable value of the Underlying Asset(s) or (if applicable) the components. Any of these hedging activities may adversely affect the level, price, rate or other applicable value of the Underlying Asset(s) — directly or (if applicable) indirectly by affecting the level, price, rate or other applicable value of underlying components — and therefore the value of and return on the Notes. It is possible that the Issuer (or affiliate) could receive substantial returns with respect to such hedging activities while the value of and return on the Notes may decline.

Moreover, the Issuer (or affiliate) may also engage in trading in one or more of the Underlying Asset(s) or (if applicable) the components or instruments whose returns are linked to the Underlying Asset(s) or (if applicable) the components, for its proprietary accounts, for other accounts under its management or to facilitate transactions, including block transactions, on behalf of customers. Any of these activities of the Issuer (or affiliate) could adversely affect the level, price, rate or other applicable value of the Underlying Asset(s) — directly or (if applicable) indirectly by affecting the level, price, rate or other applicable value of the components — and therefore, the value of and return on the Notes. The Issuer (or affiliate) may issue or underwrite, other securities or financial or derivative instruments with returns linked to changes in the level, price, rate or other applicable value of the Underlying Asset(s) or (if applicable) one or more of the components, as applicable. By introducing competing products into the marketplace in this manner, the Issuer (or affiliate) could adversely affect the value of and return on the Notes.

(h) Risk of cancellation of issue of Notes

The Issuer may decide to cancel the issue of Notes for reasons beyond its control, such as extraordinary events, substantial change of the political, financial, economic, legal, monetary or market conditions at national or international level and/or adverse events regarding the financial or commercial position of the Issuer and/or the other relevant events that in the determination of the Issuer may be prejudicial to the issue of the Notes. In such case, where an investor has already paid or delivered subscription monies for the relevant Notes, the investor will be entitled to reimbursement of such amounts, but will not receive any interest that may have accrued in the period between their payment or delivery of subscription monies and the reimbursement of the amount paid for such Notes and such investor may have lost other opportunities to invest on a more favourable basis than is subsequently possible.

(i) Exchange rate risks in connection with the Notes

Investors may be exposed to currency risks because (i) an Underlying Asset may be denominated or priced in currencies other than the currency in which the Notes are denominated, or (ii) the Notes and/or such Underlying Asset may be denominated in currencies other than the currency of the country in which the investor is resident. In case of an unfavourable development of those currencies the value of the Notes to the investor may therefore decrease.

(j) Risk in connection with taxes or other charges that are levied in respect of the Notes

The yields that investors in Notes issued under the Programme may receive may be subject to taxes or other charges. These taxes or other charges will have to be borne by the investors. The Issuer will not pay any additional amounts to the investors in respect of such taxes or charges, so that any taxes levied or other charges may reduce the yields of investors under the Notes. Investors should note that the applicable legal provisions regarding the application of taxes or other charges in respect of yields under the Notes may change to the disadvantage of investors.

(k) **Risk in connection with the withholding under Section 871(m) of the U.S. Internal Revenue Code of 1986 (the "Code")**

Section 871(m) of the Code imposes a 30% withholding tax on amounts attributable to U.S. source dividends that are paid or "deemed paid" under certain financial instruments if certain conditions are met. If the Issuer or any withholding agent determines that withholding is required, neither the Issuer nor any withholding agent will be required to pay any additional amounts with respect to amounts so withheld. For purposes of withholding under the U.S. Foreign Account Tax Compliance Act, securities subject to the withholding rule described above are subject to a different grandfathering rule than other securities. If the Issuer or any withholding agent determines that withholding is required, neither the Issuer nor any withholding agent will be required to pay any additional amounts with respect to amounts so withheld. Prospective investors should refer to the section "Taxation – Withholding on Dividend Equivalents under Section 871(m)" and "Taxation - Reporting and Withholding under Foreign Account Tax Compliance Act (FATCA)".

(l) **Risk in connection with transaction costs/charges**

When Notes are purchased or sold, several types of incidental costs (including transaction fees and commissions) are incurred in addition to the purchase or sale price of such Notes. These incidental costs may significantly reduce or eliminate any profit from holding such Notes.

In addition to such costs directly related to the purchase of securities (direct costs), potential investors in Notes must also take into account any follow-up costs (such as custody fees). These costs may also significantly reduce or eliminate any profit from holding such Notes.

In addition, certain levels of the Underlying Asset(s) used for the calculation of amounts payable in respect of the Notes may be adjusted for transaction costs and/or adjustment fees, which costs and fees will reduce the redemption amount to be received by the investor.

(m) **Inflation risk**

The real yield on an investment in Notes is reduced by inflation. Consequently, the higher the rate of inflation, the lower the real yield on a Security will be. If the inflation rate is equal to or higher than the yield under a Security, the real yield a holder of such Security will achieve will be zero or even negative.

CREDIT SUISSE INTERNATIONAL

The section in the Listing Supplement entitled "CREDIT SUISSE INTERNATIONAL" shall be updated by the information below in its entirety.

Notes issued under the Program Information including its amendments will be issued by Credit Suisse International. The CSi Registration Document contains information relating to the business affairs and financial condition of the Issuer.

Credit Suisse International

The Issuer, a bank domiciled in England established under English law, was incorporated in England and Wales under the Companies Act 1985, on 9 May 1990, with registered no. 2500199. The Issuer was re-registered as an unlimited company under the name "Credit Suisse Financial Products" on 6 July 1990, and was renamed "Credit Suisse First Boston International" on 27 March 2000 and "Credit Suisse International" on 16 January 2006.

The Issuer is an indirect wholly-owned subsidiary of UBS Group AG, which is a holding company incorporated under Swiss law as a corporation (Aktiengesellschaft). The Issuer's registered head office is in London and is located at One Cabot Square, London E14 4QJ and its telephone number is +44 (0)20 7888 8888. The Issuer's legal entity identifier (LEI) is E58DKGMJYYYYJLN8C3868.

The Issuer is authorised by the PRA and regulated by the FCA and the PRA.

The Issuer is an unlimited liability company and, as such, its shareholders have a joint, several and unlimited obligation to meet any insufficiency in the assets of the Issuer in the event of its liquidation. The joint, several and unlimited liability of the shareholders of the Issuer to meet any insufficiency in the assets of the Issuer will only apply upon liquidation of the Issuer. Therefore, prior to any liquidation of the Issuer, the creditors may only have the benefit of recourse to the assets of the Issuer and not to those of its shareholders.

The Issuer commenced business on 16 July 1990. Its principal business is banking, including the trading of derivative products linked to interest rates, foreign exchange, equities, commodities and credit. The primary objective of the Issuer is to provide comprehensive treasury and risk management derivative product services. The Issuer has established a significant presence in global derivative markets through offering a full range of derivative products and continues to develop new products in response to the needs of its customers and changes in underlying markets. The business is managed as a part of the Global Markets and Investment Banking and Capital Markets Divisions of Credit Suisse AG. For more information on Credit Suisse International's principal markets and activities, see sub-sections "Business Model", on page 3 (page 5 of the PDF file), and "Purpose, strategy and clients", on pages 3 to 4 (pages 5 to 6 of the PDF file) of the 2022 CSi Annual Report.

The liquidity and capital requirements of the Issuer are managed as an integral part of the wider Credit Suisse framework. This includes the local regulatory liquidity and capital requirements in the UK. The Issuer has direct access to funding sources of the CS AG Group. The CS AG Group will ensure that the Issuer maintains a sound financial position and is able to meet its debt obligations for the foreseeable future. For further information on the Issuer's expected financing of its business activities, please see "Capital Resources" and "Liquidity" under the heading "Performance" on pages 7 to 8 (pages 9 and 10 of the PDF file), respectively, of the 2022 CSi Annual Report, and the first paragraph under the heading "Information incorporated by reference" on page 20 of the CSi Registration Document.

The Issuer was formerly an indirect wholly owned subsidiary of CSG. On 19 March 2023, it was announced that CSG and UBS had entered into a merger agreement following the intervention of the Swiss Federal Department of Finance, the Swiss National Bank ("SNB") and FINMA, pursuant to which UBS and CSG agreed to merge, with UBS being the absorbing company that would continue to operate, and CSG being the absorbed company that would cease to exist (the "Merger"). The SNB granted Credit Suisse access to significant credit facilities to provide substantial liquidity support to Credit Suisse. For further information, see the Form 6-K Dated 20 March 2023 and the section headed "Credit Suisse – Other information – Credit Suisse and UBS to merge" in the CS Earnings Release 1Q23.

On 5 June 2023, it was announced that CSG and UBS expected the Merger to be consummated as early as 12 June 2023. Upon consummation of the Merger, CSG's shares and American Depositary Shares would be delisted from the SIX Swiss Exchange and New York Stock Exchange, respectively. On 12 June 2023, CSG and UBS confirmed that the Merger was consummated. As a result, CSG was dissolved and its assets, liabilities and contracts were transferred to, and absorbed and taken over by, UBS by operation of Swiss law (Universalsukzession), and CS became a wholly-owned direct subsidiary of UBS.

For information on Credit Suisse AG's expected financing of its business activities, please see "III – Treasury, Risk, Balance sheet and Off-balance sheet – Liquidity and funding management" and "III – Treasury, Risk, Balance sheet and Off-balance sheet – Capital management" on pages 108 to 131 of the 2022 CS Annual Report (pages 124 to 149 of the PDF file). In addition, for the Bank, please see "Note 25 – Long-term debt" in "VIII – Consolidated financial statements – Credit Suisse (Bank) – Notes to the consolidated financial statements" on page 460 (page 486 of the PDF file) and "Note 37 – Capital adequacy" in "VIII – Consolidated financial statements – Credit Suisse (Bank) – Notes to the consolidated financial statements" on pages 501 and 502 (pages 527 and 528 of the PDF file) of the 2022 CS Annual Report.

Ratings

The credit ratings of the Issuer referred to in the CSi Registration Document have been issued by S&P Global Ratings Europe Limited ("**S&P**"), Fitch Ratings Limited ("**Fitch**") and Moody's Investors Service Ltd. ("**Moody's**").

The Issuer has a long-term issuer credit rating of "A" from S&P, a long-term issuer default rating of "A+" from Fitch and an issuer credit rating of "A3" from Moody's.

Explanation of ratings as of the date of the CSi Registration Document

"A" by S&P: An obligor rated "A" has strong capacity to meet its financial commitments but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in higher-rated categories. (source: www.standardandpoors.com)

"A+" by Fitch: "A" ratings denote expectations of low default risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings. The modifier "+" indicates relative differences of probability of default or recovery for issues. (source: www.fitchratings.com)

"A3" by Moody's: Obligations rated "A" by Moody's are judged to be upper-medium grade and are subject to low credit risk. The modifier "3" indicates that the obligation ranks in the lower end of that generic rating category. (source: www.moody's.com)

S&P is established in the European Economic Area ("**EEA**") and registered under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**"). Fitch and Moody's are established in the UK and registered in accordance with Regulation (EC) No. 1060/2009 as it forms part of UK

domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**") (the "**UK CRA Regulation**").

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes in the EEA, unless such ratings are issued by a credit rating agency established in the EEA and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances. Such general restriction will also apply in the case of credit ratings issued by third country non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant third country rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). The list of registered and certified rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

Investors regulated in the UK are subject to similar restrictions under the UK CRA Regulation. As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances. In the case of third country ratings, for a certain limited period of time, transitional relief accommodates continued use for regulatory purposes in the UK, of existing pre-2021 ratings, provided the relevant conditions are satisfied.

If the status of the rating agency providing the rating changes for the purposes of the CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable. The ratings issued by Fitch are endorsed by Fitch Ratings Ireland Limited ("**Fitch Ireland**"). The ratings issued by Moody's are endorsed by Moody's Deutschland GmbH ("**Moody's Deutschland**"). Fitch Ireland and Moody's Deutschland are established in the EEA and registered under the CRA Regulation. As such, each of Moody's Deutschland and Fitch Ireland is included in the list of credit rating agencies published by ESMA on its website (at www.esma.europa.eu/page/List-registered-and-certified-CRAs) in accordance with the CRA Regulation.

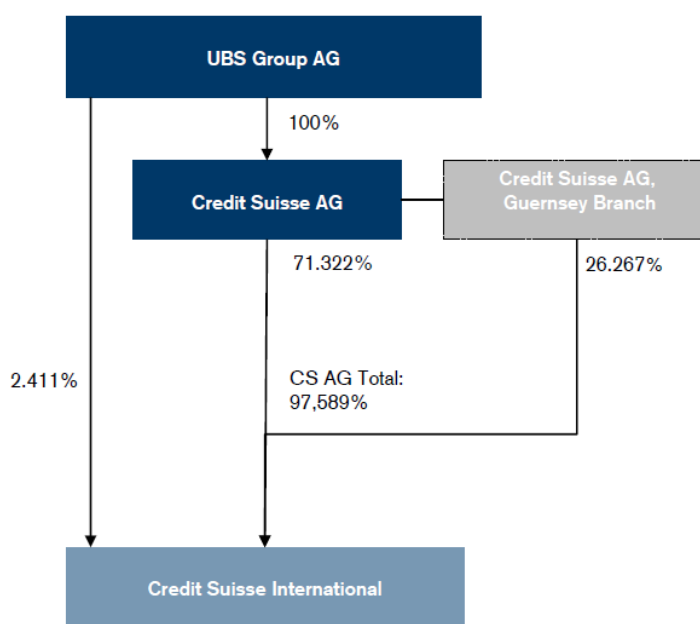
The ratings issued by S&P are endorsed by S&P Global Ratings UK Limited ("**S&P UK**"). S&P UK is established in the UK and is registered in accordance with the UK CRA Regulation. As such, the ratings issued by S&P may be used for regulatory purposes in the UK in accordance with the UK CRA Regulation.

Organisational Structure

The subsidiaries of the Issuer which are consolidated in the financial statements contained in the 2022 CSi Annual Report are listed under sub-section "Composition of the CSi Group" on pages 102 to 104 (pages 104 to 106 of the PDF file) of the 2022 CSi Annual Report. The Issuer is an indirect wholly owned subsidiary of UBS Group AG. For information on the Issuer's relationship to Credit Suisse Group AG prior to the consummation of the Merger, see page 3 (page 5 of the PDF file) of the 2022 CSi Annual Report.

Major Shareholders

- i. The shareholders of the Issuer are:
- ii. UBS Group AG, whose head office is at Bahnhofstrasse 45, 8001 Zurich, Switzerland, which holds 2.411% of the voting share capital in Credit Suisse International and is the ultimate parent of the consolidated Credit Suisse Group which includes Credit Suisse AG;
- iii. Credit Suisse AG, a Swiss bank and a leading global bank acting through its registered head office at Paradeplatz 8, 8001 Zürich, Switzerland (Zurich Stammhaus) which provides its clients with private banking, investment banking and asset management services worldwide and which directly and indirectly owns 71.322% of the voting share capital in Credit Suisse International; and
- iv. Credit Suisse AG, Guernsey Branch, whose place of business is at Helvetia Court, Les Echelons, South Esplanade, St Peter Port GY1 3ZQ, Guernsey was established as a Branch of Credit Suisse AG on 1 April 1986 and whose principal activities are deposit taking, bond issuing and lending the funds received within the Credit Suisse Group and which directly and indirectly owns 26.267% of the voting share capital in Credit Suisse International.



There is trading of shares in the Issuer between these shareholders and therefore the respective shareholdings will change from time to time, although the Issuer will remain an indirect wholly owned subsidiary of UBS.

Change

Apart from the potential consequences and outcomes of the matters disclosed on pages 3 to 8 within the section headed "Credit Suisse" in the CS Earnings Release 1Q23, there has been no significant change in the financial performance of the Issuer and its consolidated subsidiaries since 31 March 2023.

Apart from the potential consequences and outcomes of the matters disclosed on pages 3 to 8 within the section headed "Credit Suisse" in the CS Earnings Release 1Q23, there has been no

significant change in the financial position of the Issuer and its consolidated subsidiaries since 31 March 2023.

Apart from the potential consequences and outcomes of the matters disclosed on pages 3 to 8 within the section headed "Credit Suisse" in the CS Earnings Release 1Q23, there has been no material adverse change in the prospects of the Issuer and its consolidated subsidiaries since 31 December 2022.

Names and Addresses of Directors and Executives

The business address of the members of the Board of Directors is One Cabot Square, London E14 4QJ.

As of the date of the CSi Registration Document, the current members of the Board of Directors, their role within the Issuer and their principal activities outside the Issuer, if any, are as follows:

Board Member	External Activities
John Devine (Non-Executive Chair)	<ul style="list-style-type: none"> ○ Independent member and Chair of the Board of Directors, Chair of the Nominations Committee and Conflicts Committee, Member of the Audit Committee, Risk Committee and Advisory Remuneration Committee of the Issuer and Credit Suisse Securities (Europe) Limited. ○ Mr. Devine is also <ul style="list-style-type: none"> ▪ Non-Executive Director, Chair of Risk Committee, Member of Audit Committee, Remuneration Committee and Nominations Committee of ABRDN PLC; and ▪ Non-Executive Director, Chair of Audit Committee, Member of Risk Committee and Nominations Committee of Citco Custody (UK) Ltd and Citco Custody Holding Ltd Malta.
Debra Jane Davies (Independent Non-Executive)	<ul style="list-style-type: none"> ○ Independent member of the Board of Directors, Chair of the Advisory Remuneration Committee, Member of the Audit Committee, Risk Committee, Nominations Committee and Conflicts Committee of the Issuer and Credit Suisse Securities (Europe) Limited. ○ Ms. Davies is also: <ul style="list-style-type: none"> ▪ Senior Independent Director, Member of the Board of Directors, Chair of Remunerations Committee, and Member of the Risk Committee and Audit Committee of AXA UK plc; and ○ Non-Executive Director of AXA Insurance UK plc and AXA PPP Healthcare Limited
Doris Honold (Independent Non-Executive)	<ul style="list-style-type: none"> ○ Independent member of the Board of Directors, Chair of the Risk Committee, Member of the Audit Committee, Advisory Remuneration Committee, Nominations Committee and Conflicts Committee of the

	<p>Issuer and Credit Suisse Securities (Europe) Limited.</p> <ul style="list-style-type: none"> ○ Non-Executive Director of Move Digital AG (Credit Suisse AG affiliate). ○ Ms. Honold is also: <ul style="list-style-type: none"> ▪ Non-Executive Director of SEFE Securing Energy for Europe GmbH; ▪ Non-Executive Director of Regional Voluntary Carbon Market Company, Saudi Arabia; ▪ Non-Executive Director of Encompass Corporation Group Holdings Limited; ▪ Non-Executive Director and Chair of Audit and Risk Committee of AION NV/SA; ▪ Non-Executive Director of Move Digital AG; ▪ Member of the Advisory Board of Viridios Capital (Bahamas) Ltd; ▪ Board Member of The Integrity Council for the Voluntary Carbon Market; and ○ Trustee of the Climate Bonds Initiative.
<p>David Andrew Thompson Todd (Independent Non-Executive)</p>	<ul style="list-style-type: none"> ○ Independent member of the Board of Directors, Chair of the Audit Committee, Member of the Risk Committee, Advisory Remuneration Committee, Nominations Committee and Conflicts Committee of the Issuer and Credit Suisse Securities (Europe) Limited. ○ Mr. Todd is also: <ul style="list-style-type: none"> ▪ Non-Executive Director and Chair of the Audit Committee of Assured Guaranty UK Limited.
<p>Michael Ebert (Non-Executive)</p>	<ul style="list-style-type: none"> ○ Member of the Board of Directors of the Issuer, Credit Suisse Securities (Europe) Limited, Credit Suisse Holdings (USA) Inc and Member of the Board of Managers of Credit Suisse Securities (USA) LLC. <ul style="list-style-type: none"> ▪ Mr. Ebert is also Head of the Investment Bank.
<p>Jeremy David Bruce Anderson (Independent Non-Executive)</p>	<ul style="list-style-type: none"> ○ Independent member of the Board of Directors, Member of the Audit Committee, Risk Committee, Advisory Remuneration Committee and Nominations Committee of the Issuer. ○ Senior Independent Director, Member of the Group Executive Board, Chair of the Audit Committee and Member of Governance and Nominating Committee of UBS Group AG and UBS AG. ○ Mr. Anderson is also: <ul style="list-style-type: none"> ▪ Senior Independent Director, Member of the Board of Directors, Chair of the Risk Committee, Member of Audit Committee and Nomination & Governance Committee of Prudential plc.;

	<ul style="list-style-type: none"> ▪ Trustee of the UK's Productivity Leadership Group; ▪ Trustee of Kingham Hill Trust; and <ul style="list-style-type: none"> ○ Trustee of St. Helen's Bishopsgate.
Jonathan Peter Andrew Magee (Independent Non-Executive)	<ul style="list-style-type: none"> ○ Independent Member of the Board of Directors, Member of the Audit Committee, Risk Committee, Advisory Remuneration Committee, Nominations Committee, Conflicts Committee and Disclosure Committee of the Issuer. ○ Supervisory Board Member and Chair of the Risk Committee of UBS Europe SE.
Jason Barron (Non-Executive)	<ul style="list-style-type: none"> ○ Member of the Board of Directors of the Issuer. <ul style="list-style-type: none"> ▪ Group Managing Director and Co-Head of Global Markets at UBS Investment Bank.
Beatriz Martin Jimenez (Non-Executive)	<ul style="list-style-type: none"> • Member of the Board of Directors of the Issuer. • Member of the Group Executive Board of UBS Group AG and UBS AG. ○ Managing Director, UBS Chief Executive for the UK, Head Non-Core and Legacy and President UBS EMEA.
Caroline Stewart (Non-Executive)	<ul style="list-style-type: none"> • Member of the Board of Directors of the Issuer. ○ Group Managing Director and Investment Bank and UK CFO at UBS.
Christopher Horne (CEO)	<ul style="list-style-type: none"> • Managing Director in Credit Suisse and Chair of the Disclosure Committee of the Issuer. • Mr. Horne is also CEO of the Issuer and Credit Suisse Securities (Europe) Ltd. ○ Member of the Board of Directors of the Issuer, Credit Suisse Securities (Europe) Limited, Credit Suisse Investment Holdings (UK) and Credit Suisse Investments (UK), Branch Manager and Chair of the Management Committee of Credit Suisse AG, London Branch.
Edward Jenkins (Chief Risk Officer)	<ul style="list-style-type: none"> • Managing Director in the CRO division and Chief Risk Officer for EMEA entities. • Member of the Board of Directors and Member of the Disclosure Committee of the Issuer. ○ Member of the Board of Directors of Credit Suisse Securities (Europe) Limited and Member of the Management Committee of Credit Suisse AG, London Branch.
Caroline Mary Waddington (CFO)	<ul style="list-style-type: none"> • Managing Director in the CFO division of the Issuer. • Ms. Waddington is also CFO for Credit Suisse EMEA entities, including the Issuer and Chair of the UK Pension Committee. • Member of the Board of Directors and Member of the Disclosure Committee of the Issuer. • Member of the Board of Directors of Credit Suisse Securities (Europe) Limited, Credit

	<p>Suisse Investment Holdings (UK) and Credit Suisse Investments (UK) and Member of the Management Committee of Credit Suisse AG, London Branch.</p> <ul style="list-style-type: none"> • Ms. Waddington is a member of the Board of Directors of: <ul style="list-style-type: none"> ○ Trustee of St Giles Trust.
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Pages 26 and 27 (PDF pages 28 and 29) of the 2022 CSi Annual Report provide further information on the Issuer's Board of Directors.

Directors' Conflicts of Interest

There are no potential conflicts of interest of the members of the Board of Directors between their duties to the Issuer and their private interests and/or other duties. Potential conflicts of interest of members of the Board of Directors due to roles held with UBS Group AG and/or Credit Suisse AG are managed by a Board Conflicts Committee and Conflicts Management Framework.

Legal and Arbitration Proceedings

During the period of 12 months ending on the date of the CSi Registration Document, there have been no governmental, legal or arbitration proceedings which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer, and the Issuer is not aware of any such proceedings being either pending or threatened, except as disclosed (i) under the heading "Contingent Liabilities, Guarantees and Commitments" in Note 35 to the consolidated financial statements of the Issuer on pages 99 to 101 (pages 101 to 103 of the PDF file) of the 2022 CSi Annual Report, (ii) under the heading "Litigation" in Note 40 to the consolidated financial statements of CSG on pages 389 to 400 (pages 411 to 422 of the PDF file) of the 2022 CS Annual Report, and (iii) under the subsection headed "Customer Account Matters", below.

Provision for litigation is disclosed in Note 26 to the consolidated financial statements on pages 78 and 79 (pages 80 to 81 of the PDF file) of the 2022 CSi Annual Report.

Customer Account Matters

As further described on page 396 (page 418 of the PDF file) of the 2022 CS Annual Report, Credit Suisse filed a criminal complaint with the Geneva Prosecutor's Office against a former relationship manager in Switzerland who several clients claimed had exceeded his investment authority in the management of their portfolios, resulting in excessive concentrations of certain exposures and investment losses, upon which complaint the prosecutor initiated a criminal investigation. On 9 February 2018, the former relationship manager was sentenced to five years in prison by the Geneva criminal court for fraud, forgery and criminal mismanagement. Civil lawsuits were initiated between 7 August 2017 and 25 August 2017 in the High Court of Singapore and the Supreme Court of Bermuda against Credit Suisse and/or certain affiliates, based on the findings established in the criminal proceedings against the former relationship manager.

In Bermuda, in the civil lawsuit brought against a Credit Suisse affiliate, the Supreme Court of Bermuda issued a first instance judgment on 29 March 2022, finding for the plaintiff, and issued an order on 6 May 2022, awarding damages of USD 607.35 million to the plaintiff. On 9 May 2022, Credit Suisse Life (Bermuda) Ltd. appealed the decision to the Bermuda Court of Appeal. On 25 July 2022, the Supreme Court of Bermuda granted a stay of execution of its judgment pending appeal on the condition that damages awarded were paid into an escrow account within 42 days, which condition was satisfied.

In the civil lawsuit brought against Credit Suisse Trust Limited in Singapore, on 26 May 2023, the Singapore International Commercial Court issued a first instance judgment finding for the plaintiffs and directing the parties' experts to agree by 30 June 2023 on the amount of the damages award according to the calculation method and parameters adopted by the court. The plaintiffs' experts initially calculated damages to be USD 926 million, using a start date for such calculation of 31 December 2007. The court determined that the start date for the calculation of damages shall be 30 March 2008, and on the basis of those parameters, Credit Suisse expects the damages amount to be significantly lower than USD 926 million. The amount will be determined by agreement between the parties' experts, or failing that, will be determined by the court. Further, the court determined that (i) damages shall be reduced by compensation already paid to the plaintiffs and (ii) there shall be no double recovery between this award and the award in the Bermuda proceedings against Credit Suisse Life (Bermuda) Ltd. An estimate of such amounts is not possible at the date of the CSi Registration Document as the proceedings are ongoing. No sanctions, other than damages, were sought by the plaintiffs and, as a result, non-monetary sanctions, such as an injunction or restraining order, were not imposed. Credit Suisse Trust Limited intends to appeal the judgment.

Statutory Auditors

The Issuer's auditor is PricewaterhouseCoopers LLP, 1 Embankment Place, London, WC2N 6RH. PricewaterhouseCoopers LLP is registered to carry out audit work by the Institute of Chartered Accountants in England and Wales.

The shareholders of CSG and CS re-elected PwC AG as CSG's and CS's statutory auditor for the fiscal year ending 31 December 2022 at their annual general meetings on 4 April 2023. The Board and shareholders of the Issuer have re-appointed PwC as the statutory auditor for the Issuer, effective for the fiscal year ending 31 December 2022.

For further information, refer to "Directors' Report – Independent Auditors" in the 2022 CSi Annual Report and "IV – Corporate Governance – Audit – External Audit" in the 2022 CS Annual Report.

Additional information; Documents on Display

As more fully described in Article 5.1 of the Issuer's Articles of Association, the objects and purpose of the Issuer are to carry on the business of a company performing any service or function in relation to any financial instrument or product. For the term of the CSi Registration Document, the current Articles of Association of the Issuer may be inspected in physical or electronic format at One Cabot Square, London E14 4QJ. This document is also available on the Credit Suisse website at <https://www.credit-suisse.com/media/assets/investment-banking/docs/financial-regulatory/international/csi-articles-of-association.pdf>.

For information on the Issuer's share capital, see "Share Capital and Share Premium" (Note 29 to the consolidated financial statements) on page 80 (page 82 of the PDF file) of the 2022 CSi Annual Report.

Responsibility Statements

The Issuer takes responsibility for the CSi Registration Document. To the best knowledge of the Issuer, the information contained in the CSi Registration Document is in accordance with the facts and the Registration Document makes no omission likely to affect its import.

The information contained in the CSi Registration Document relating to the shareholders of the Issuer on page 30 and the information incorporated by reference at points 3, 4, 5, 6, 7, 8, 9 and 10 under the section entitled "Information Incorporated by Reference" on page 20, was provided to the Issuer by its shareholders. It is confirmed that such information has been accurately reproduced, and as far as the Issuer is aware and is able to ascertain from information published by the shareholders, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Key Information on the Issuer

Who is the Issuer of the Notes?		
Domicile and legal form, law under which the Issuer operates and country of incorporation		
The Issuer is incorporated under English law as an unlimited liability company domiciled in England and Wales and which operates under English law. Its Legal Entity Identifier (LEI) is E58DKGMJYYYYJLN8C3868.		
Issuer's principal activities		
The principal activities of the Issuer are banking, including the trading of derivative products linked to interest rates, foreign exchange, equities, commodities and credit.		
Major shareholders, including whether it is directly or indirectly owned or controlled and by whom		
The Issuer is an indirect wholly owned subsidiary of UBS Group AG.		
Key managing directors		
Board of Directors (as of the date of the CSi Registration Document):		
John Devine	Jeremy Anderson	Christopher Horne
Debra Davies	Jonathan Magee	Edward Jenkins
Doris Honold	Jason Barron	Caroline Waddington
David Todd	Beatriz Martin Jimenez	
Michael Ebert	Caroline Stewart	
Statutory auditors		
PricewaterhouseCoopers LLP, 1 Embankment Place, London, WC2N 6RH.		
What is the key financial information regarding the Issuer?		
The Issuer derived the key financial information included in the tables below as of and for the years ended 31 December 2021 and 31 December 2022 from the 2022 CSi Annual Report.		
CSi consolidated statement of income		
(USD million)	Year ended 31 December 2022 (audited)	Year ended 31 December 2021 (audited)
Net interest expense	(42)	(63)
Commission and fee income	425	428
Allowance for credit losses	158	(4,530)
Net gains from financial assets/liabilities at fair value through profit or loss	1,603	1,761
Net revenues	2,328	(2,151)
Net profit / (loss) attributable to Credit Suisse International shareholders	(685)	(5,343)
CSi consolidated statement of financial position		
(USD million)	Year ended 31 December 2022 (audited)	Year ended 31 December 2021 (audited)
Total assets	183,246	244,515
Borrowings	6,025	1,470

Debt in issuance	18,309	40,224
Loans and Advances	2,973	2,968
Due to Banks	266	218
Total shareholders' equity	17,904	17,629

What are the key risks that are specific to the Issuer?

The Issuer is subject to the following key risks:

1. Liquidity risk arising from potential inability to borrow or access the capital markets on suitably favourable terms or to sell its assets. This may also arise from increased liquidity costs and utilisation of liquidity buffers. The CS AG Group has also experienced, and may continue to experience, deposit outflows at levels that substantially exceed rates typically incurred, significant withdrawals of cash deposits, non-renewal of maturing time deposits and net outflows in assets under management. The Issuer has suffered reputational harm as a result of the significant negative outflows of deposits and assets under management.

2. Risks arising from the suspension and ongoing liquidation of certain supply chain finance funds and the failure of a US-based hedge fund to meet its margin commitments (and the Issuer's exit from its positions relating thereto), in respect of which a number of regulatory and other inquiries, investigations and actions have been initiated or are being considered. In addition, the Issuer may suffer significant losses from its credit exposures, which exist across a wide range of transactions and counterparties and may be exacerbated by adverse market conditions, increased volatility in certain markets or instruments or disruption in the liquidity or transparency of financial markets. Disruptions in the liquidity or transparency of the financial markets may result in the Issuer's inability to sell, syndicate or realise the value of its positions, thereby leading to increased concentrations. Any inability to reduce these positions may not only increase the market and credit risks associated with such positions, but also increase the level of risk-weighted assets on the Issuer's balance sheet, thereby increasing its capital requirements, all of which could adversely affect its businesses. Default or concerns of default by one or more large financial institutions could negatively impact the Issuer's business and the financial market generally, and the Issuer's credit risk exposure will increase if the collateral it holds cannot be realised at prices sufficient to cover the full amount of the exposure.

3. Market fluctuations, volatility relating to the Issuer's trading and investment activities (against which its hedging strategies may not prove effective), uncertainties regarding the discontinuation of benchmark rates and adverse economic conditions may impact the Issuer's financial condition and results of operations. The Issuer's financial position and cash flows are exposed to foreign currency exchange fluctuations, and this and other market risks could exacerbate other risks to which the Issuer is exposed. The Issuer is also exposed to other risks from adverse market conditions and unfavourable economic, monetary, political, geopolitical, legal, regulatory and other developments in the countries in which it operates (as well as countries in which the Issuer does not currently conduct business), including the risk of global recession, energy supply disruptions, developments in the Chinese economy or protraction or escalation of the conflict related to Russia invasion of Ukraine, as a result of which the United States, European Union, United Kingdom and other countries have imposed, and may further impose, financial and economic sanctions and export controls targeting certain Russian entities, individuals and/or sectors (such that the Issuer may face restrictions (including any Russian countermeasures) on engaging with certain consumer and/or institutional businesses), and which could lead to regional and/or global instability, as well as adversely affect commodity and other financial markets or economic conditions.

4. A wide variety of operational risks arising from inadequate or failed internal processes and systems or from external events, including data breaches, cybersecurity and other failures

of information technology (whether by the Issuer or a third party with which the Issuer shares information). The Issuer's existing risk management procedures and policies may not always be effective, particularly in highly volatile markets, and may not be fully effective in mitigating its risk exposure in all economic market environments or against all types of risk, including risks that the Issuer fails to identify, anticipate or mitigate, in whole or in part, which may result in unexpected, material losses. Moreover, the Issuer's actual results may differ materially from its estimates and valuations, which are based on judgement and available information and rely on predictive models and processes. The same is true of the Issuer's accounting treatment of off-balance sheet entities, including special purpose entities, which requires it to exercise significant management judgement in applying accounting standards; these standards (and their interpretation) have changed and may continue to change. In addition, the Issuer's business may be disrupted by technology-related failures such as service outages or information security incidents, and the Issuer could be compromised by cyber incidents. Cybersecurity risks have also significantly increased in recent years in part due to the growing number and increasingly sophisticated activities of malicious cyber actors. In addition, physical and transition climate risks could have a financial impact on the Issuer either directly, through its physical assets, costs and operations, or indirectly, through its financial relationships with its clients. Given the growing volume of nascent climate and sustainability-related laws, rules and regulations, increasing demand from various stakeholders for environmentally sustainable products and services and regulatory scrutiny, the Issuer and other financial institutions may be subject to increasing litigation, enforcement and contract liability risks in connection with climate change, environmental degradation and other ESG-related issues.

5. The Issuer's exposure to legal risks is significant and difficult to predict and the volume and amount of damages claimed in litigation, regulatory proceedings and other adversarial proceedings against financial services firms continues to increase in many of the principal markets in which the Issuer operates. The Issuer's business is highly regulated, and existing, new or changed laws, rules and regulations (including an evolving and complex set of sanctions regimes) may continue to increase costs (including costs related to compliance, systems and operations) and may continue to negatively affect the Issuer's ability to conduct certain types of business which could adversely affect the Issuer's profitability and competitive position. If the Issuer fails to manage these risks effectively, this could lead to a decrease in the value of its securities. Regulations applicable to the Issuer (as well as regulations and changes in enforcement practices applicable to its clients) may adversely affect its business and ability to execute its strategic plans. In addition, the applicable resolution and bail-in legislation (including the Banking Act 2009) may affect the Issuer's security holders, who would have very limited rights to challenge the exercise of the bail-in tool, any resolution power or any pre-resolution measure.
6. The Issuer is exposed to the risk that improper behaviour or judgement, misconduct, or non-compliance with policies or regulations by the Issuer's employees results in negative financial, non-financial or reputational impacts on its clients, employees, the Issuer and the financial markets. In addition, the Issuer's position in the highly competitive financial services industry could be harmed by damage to its reputation arising from the factors mentioned above or failures of the Issuer's procedures and controls.



Credit Suisse International

Unlisted Securities Programme (Unlimited Program Size)

This Supplement (the "**Supplement**") is supplemental to, and should be read in conjunction with, (i) the Listing Supplement dated 26 April 2018 (the "**Listing Supplement**") in respect of the unlisted securities programme (the "**Programme**") established by Credit Suisse International ("**CSi**" or the "**Issuer**") on 17 June 2011 for the issuance of notes (the "**Notes**") of CSi and Credit Suisse AG ("**CS**"), (ii) any other documents incorporated by reference therein and (iii) in relation to any particular Notes, the Pricing Supplement relating to those Notes. Capitalised terms used in this Supplement but not defined herein shall have the meanings ascribed to them in the Listing Supplement.

CREDIT SUISSE INTERNATIONAL

The section in the Listing Supplement entitled "CREDIT SUISSE INTERNATIONAL" shall be updated by the information below in its entirety.

Notes issued under the Program Information including its amendments will be issued by Credit Suisse International. The CSi Registration Document contains information relating to the business affairs and financial condition of the Issuer.

Credit Suisse International

The Issuer, a bank domiciled in England established under English law, was incorporated in England and Wales under the Companies Act 1985, on 9 May 1990, with registered no. 2500199. The Issuer was re-registered as an unlimited company under the name "Credit Suisse Financial Products" on 6 July 1990, and was renamed "Credit Suisse First Boston International" on 27 March 2000 and "Credit Suisse International" on 16 January 2006.

The Issuer is an indirect wholly-owned subsidiary of UBS Group AG, which is a holding company incorporated under Swiss law as a corporation (Aktiengesellschaft). The Issuer's registered head office is in London and is located at One Cabot Square, London E14 4QJ and its telephone number is +44 (0)20 7888 8888. The Issuer's legal entity identifier (LEI) is E58DKGMJYYYJLN8C3868.

The Issuer is authorised by the PRA and regulated by the FCA and the PRA.

The Issuer is an unlimited liability company and, as such, its shareholders have a joint, several and unlimited obligation to meet any insufficiency in the assets of the Issuer in the event of its liquidation. The joint, several and unlimited liability of the shareholders of the Issuer to meet any insufficiency in the assets of the Issuer will only apply upon liquidation of the Issuer. Therefore, prior to any liquidation of the Issuer, the creditors may only have the benefit of recourse to the assets of the Issuer and not to those of its shareholders.

The Issuer commenced business on 16 July 1990. Its principal business is banking, including the trading of derivative products linked to interest rates, foreign exchange, equities, commodities and credit. The primary objective of the Issuer is to provide comprehensive treasury and risk management derivative product services. The Issuer has established a significant presence in global derivative markets through offering a full range of derivative products and continues to develop new products in response to the needs of its customers and changes in underlying markets. The business is managed as a part of the Global Markets and Investment Banking and Capital Markets Divisions of Credit Suisse AG. For more information on Credit Suisse International's principal markets and activities, see sub-sections "Business Model", on page 3 (page 5 of the PDF file), and "Purpose, strategy and clients", on pages 3 to 4 (pages 5 to 6 of the PDF file) of the 2022 CSi Annual Report.

The liquidity and capital requirements of the Issuer are managed as an integral part of the wider Credit Suisse framework. This includes the local regulatory liquidity and capital requirements in the UK. The Issuer has direct access to funding sources of the CS AG Group. The CS AG Group will ensure that the Issuer maintains a sound financial position and is able to meet its debt obligations for the foreseeable future. For further information on the Issuer's expected financing of its business activities, please see "Capital Resources" and "Liquidity" under the heading "Performance" on pages 7 to 8 (pages 9 and 10 of the PDF file), respectively, of the 2022 CSi Annual Report, and the first paragraph under the heading "Information incorporated by reference" on page 20 of the CSi Registration Document.

The Issuer was formerly an indirect wholly owned subsidiary of Credit Suisse Group AG. As a result of the merger between UBS Group AG and Credit Suisse Group AG, on 12 June 2023, Credit Suisse AG became a wholly owned direct subsidiary of UBS Group AG and the Issuer became a wholly owned indirect subsidiary of UBS Group AG.

For information on Credit Suisse AG's expected financing of its business activities, please see "III – Treasury, Risk, Balance sheet and Off-balance sheet – Liquidity and funding management" on pages 106 to 114 (pages 124 to 132 of the PDF file), "III – Treasury, Risk, Balance sheet and Off-balance sheet – Capital management" on pages 115 to 131 (pages 133 to 149 of the PDF file), "Note 25 – Long-term debt" in "VIII – Consolidated financial statements – Credit Suisse (Bank)" on page 460 (page 486 of the PDF file) and "Note 37 – Capital adequacy" in "VIII – Consolidated financial statements – Credit Suisse (Bank)" on pages 501 to 502 (pages 527 to 528 of the PDF file) of the 2022 CS Annual Report as well as "Liquidity and funding management" on pages 32 to 35 (pages 38 to 41 of the PDF file) and "Capital management" on pages 36 to 42 (pages 42 to 48 of the PDF file) of the Form 6-K Dated 29 September 2023.

Ratings

The credit ratings of the Issuer referred to in the CSi Registration Document have been issued by S&P Global Ratings Europe Limited ("**S&P**"), Fitch Ratings Limited ("**Fitch**") and Moody's Investors Service Ltd. ("**Moody's**").

The Issuer has a long-term issuer credit rating of "A+" from S&P, a long-term issuer default rating of "A+" from Fitch and an issuer credit rating of "A3" from Moody's.

Explanation of ratings as of the date of the first supplement of the CSi Registration Document

"A+" by S&P: An obligor rated "A" has strong capacity to meet its financial commitments but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in higher rated categories. The addition of a plus (+) or minus (-) sign to shows the relative standing within the rating category. (source: www.standardandpoors.com)

"A+" by Fitch: "A" ratings denote expectations of low default risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings. The modifier "+" indicates relative differences of probability of default or recovery for issues. (source: www.fitchratings.com)

"A3" by Moody's: Obligations rated "A" by Moody's are judged to be upper-medium grade and are subject to low credit risk. The modifier "3" indicates that the obligation ranks in the lower end of that generic rating category. (source: www.moodys.com)

S&P is established in the European Economic Area ("**EEA**") and registered under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**"). Fitch and Moody's are established in the UK and registered in accordance with Regulation (EC) No. 1060/2009 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**") (the "**UK CRA Regulation**").

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes in the EEA, unless such ratings are issued by a credit rating agency established in the EEA and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances. Such general restriction will also apply in the case of credit ratings issued by third country non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an

EEA-registered credit rating agency or the relevant third country rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). The list of registered and certified rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

Investors regulated in the UK are subject to similar restrictions under the UK CRA Regulation. As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances. In the case of third country ratings, for a certain limited period of time, transitional relief accommodates continued use for regulatory purposes in the UK, of existing pre-2021 ratings, provided the relevant conditions are satisfied.

If the status of the rating agency providing the rating changes for the purposes of the CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable. The ratings issued by Fitch are endorsed by Fitch Ratings Ireland Limited ("**Fitch Ireland**"). The ratings issued by Moody's are endorsed by Moody's Deutschland GmbH ("**Moody's Deutschland**"). Fitch Ireland and Moody's Deutschland are established in the EEA and registered under the CRA Regulation. As such, each of Moody's Deutschland and Fitch Ireland is included in the list of credit rating agencies published by ESMA on its website (at www.esma.europa.eu/page/List-registered-and-certified-CRAs) in accordance with the CRA Regulation.

The ratings issued by S&P are endorsed by S&P Global Ratings UK Limited ("**S&P UK**"). S&P UK is established in the UK and is registered in accordance with the UK CRA Regulation. As such, the ratings issued by S&P may be used for regulatory purposes in the UK in accordance with the UK CRA Regulation.

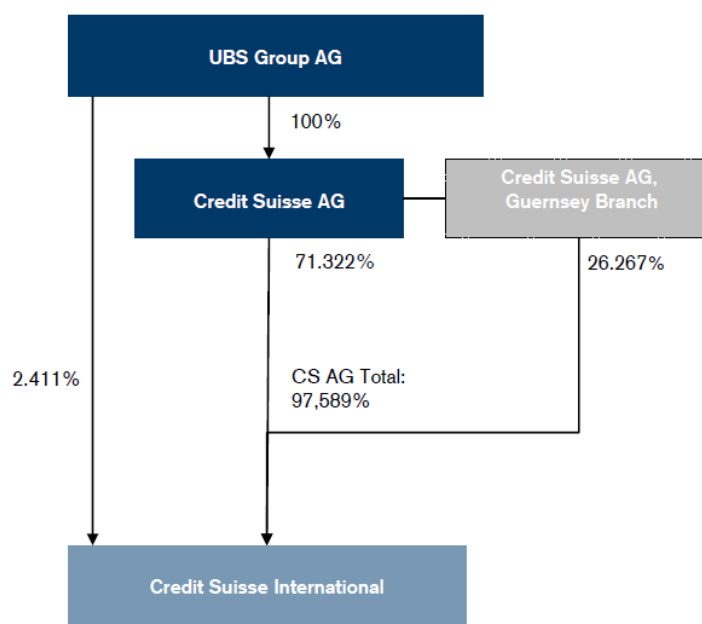
Organisational Structure

The subsidiaries of the Issuer which are consolidated in the financial statements contained in the 2022 CSi Annual Report are listed under sub-section "Composition of the CSi Group" on pages 102 to 104 (pages 104 to 106 of the PDF file) of the 2022 CSi Annual Report. The Issuer is an indirect wholly owned subsidiary of UBS Group AG. For information on the Issuer's relationship to Credit Suisse Group AG prior to the consummation of the Merger, see page 3 (page 5 of the PDF file) of the 2022 CSi Annual Report.

Major Shareholders

- i. The shareholders of the Issuer are:
- ii. UBS Group AG, whose head office is at Bahnhofstrasse 45, 8001 Zurich, Switzerland, which holds 2.411% of the voting share capital in Credit Suisse International and is the ultimate parent of the consolidated Credit Suisse Group which includes Credit Suisse AG;

- iii. Credit Suisse AG, a Swiss bank and a leading global bank acting through its registered head office at Paradeplatz 8, 8001 Zürich, Switzerland (Zurich Stammhaus) which provides its clients with private banking, investment banking and asset management services worldwide and which directly and indirectly owns 71.322% of the voting share capital in Credit Suisse International; and
- iv. Credit Suisse AG, Guernsey Branch, whose place of business is at Helvetia Court, Les Echelons, South Esplanade, St Peter Port GY1 3ZQ, Guernsey was established as a Branch of Credit Suisse AG on 1 April 1986 and whose principal activities are deposit taking, bond issuing and lending the funds received within the Credit Suisse Group and which directly and indirectly owns 26.267% of the voting share capital in Credit Suisse International.



There is trading of shares in the Issuer between these shareholders and therefore the respective shareholdings will change from time to time, although the Issuer will remain an indirect wholly owned subsidiary of UBS.

Change

Apart from the matters described under "III—Condensed consolidated financial statements – unaudited—Notes to the condensed consolidated financial statements – unaudited—Note 3 – Business developments and subsequent events—Subsequent events" in Credit Suisse AG Financial Report 6M23 attached as an exhibit to the Form 6-K of UBS and CS filed with the SEC on 29 September 2023 (the "**Credit Suisse AG Financial Report 6M23**"), there has been no significant change in the financial performance of the Issuer and its consolidated subsidiaries since 30 June 2023.

Apart from the matters described under "II—Treasury, risk, balance sheet and off-balance sheet—Liquidity and funding management—Liquidity management" and "III—Condensed consolidated financial statements – unaudited—Notes to the condensed consolidated financial statements – unaudited—Note 3 – Business developments and subsequent events—Subsequent events" in the Credit Suisse AG Financial Report 6M23, there has been no significant change in the financial position of the Issuer and its consolidated subsidiaries since 30 June 2023.

Apart from the matters described under "III—Condensed consolidated financial statements – unaudited—Notes to the condensed consolidated financial statements – unaudited—Note 3 –

Business developments and subsequent events" in the Credit Suisse AG Financial Report 6M23, there has been no material adverse change in the prospects of the Issuer and its consolidated subsidiaries since 31 December 2022.

Names and Addresses of Directors and Executives

As of 20 October 2023 which is the date of the first supplement of the CSi Registration Document, the business address of the members of the Board of Directors is One Cabot Square, London E14 4QJ.

Doris Honold resigned from the Board of Directors with effect as of 31 July 2023.

Debra Davies resigned from the Board of Directors with effect as of 1 August 2023.

The current members of the Board of Directors, their role within the Issuer and their principal activities outside the Issuer, if any, are as follows:

Board Member	External Activities
John Devine (Non-Executive Chair)	<ul style="list-style-type: none"> ○ Independent member and Chair of the Board of Directors, Chair of the Nominations Committee and Conflicts Committee, Member of the Audit Committee, Risk Committee and Advisory Remuneration Committee of the Issuer and Credit Suisse Securities (Europe) Limited. ○ Mr. Devine is also <ul style="list-style-type: none"> ▪ Non-Executive Director, Chair of Risk Committee, Member of Audit Committee, Remuneration Committee and Nominations Committee of ABRDN PLC; and ▪ Non-Executive Director, Chair of Audit Committee, Member of Risk Committee and Nominations Committee of Citco Custody (UK) Ltd and Citco Custody Holding Ltd Malta.
David Andrew Thompson Todd (Independent Non-Executive)	<ul style="list-style-type: none"> ○ Independent member of the Board of Directors, Chair of the Audit Committee, Member of the Risk Committee, Advisory Remuneration Committee, Nominations Committee and Conflicts Committee of the Issuer and Credit Suisse Securities (Europe) Limited. ○ Mr. Todd is also: <ul style="list-style-type: none"> ▪ Non-Executive Director and Chair of the Audit Committee of Assured Guaranty UK Limited.
Michael Ebert (Non-Executive)	<ul style="list-style-type: none"> ○ Member of the Board of Directors of the Issuer, Credit Suisse Securities (Europe) Limited, Credit Suisse Holdings (USA) Inc and Member of the Board of Managers of Credit Suisse Securities (USA) LLC. <ul style="list-style-type: none"> ▪ Mr. Ebert is also Head of the Investment Bank.
Jeremy David Bruce Anderson (Independent Non-Executive)	<ul style="list-style-type: none"> ○ Independent member of the Board of Directors, Member of the Audit Committee, Risk Committee, Advisory Remuneration

	<p>Committee and Nominations Committee of the Issuer.</p> <ul style="list-style-type: none"> ○ Senior Independent Director, Member of the Group Executive Board, Chair of the Audit Committee and Member of Governance and Nominating Committee of UBS Group AG and UBS AG. ○ Mr. Anderson is also: <ul style="list-style-type: none"> ▪ Senior Independent Director, Member of the Board of Directors, Chair of the Risk Committee, Member of Audit Committee and Nomination & Governance Committee of Prudential plc.; ▪ Trustee of the UK's Productivity Leadership Group; ▪ Trustee of Kingham Hill Trust; and ○ Trustee of St. Helen's Bishopsgate.
Jonathan Peter Andrew Magee (Independent Non-Executive)	<ul style="list-style-type: none"> ○ Independent Member of the Board of Directors, Member of the Audit Committee, Risk Committee, Advisory Remuneration Committee, Nominations Committee, Conflicts Committee and Disclosure Committee of the Issuer. ○ Supervisory Board Member and Chair of the Risk Committee of UBS Europe SE.
Jason Barron (Non-Executive)	<ul style="list-style-type: none"> ○ Member of the Board of Directors of the Issuer. <ul style="list-style-type: none"> ▪ Group Managing Director and Co-Head of Global Markets at UBS Investment Bank.
Beatriz Martin Jimenez (Non-Executive)	<ul style="list-style-type: none"> • Member of the Board of Directors of the Issuer. • Member of the Group Executive Board of UBS Group AG and UBS AG. ○ Managing Director, UBS Chief Executive for the UK, Head Non-Core and Legacy and President UBS EMEA.
Caroline Stewart (Non-Executive)	<ul style="list-style-type: none"> • Member of the Board of Directors of the Issuer. ○ Group Managing Director and Investment Bank and UK CFO at UBS.
Christopher Horne (CEO)	<ul style="list-style-type: none"> • Managing Director in Credit Suisse and Chair of the Disclosure Committee of the Issuer. • Mr. Horne is also CEO of the Issuer and Credit Suisse Securities (Europe) Ltd. ○ Member of the Board of Directors of the Issuer, Credit Suisse Securities (Europe) Limited, Credit Suisse Investment Holdings (UK) and Credit Suisse Investments (UK), Branch Manager and Chair of the Management Committee of Credit Suisse AG, London Branch.
Edward Jenkins (Chief Risk Officer)	<ul style="list-style-type: none"> • Managing Director in the CRO division and Chief Risk Officer for EMEA entities. • Member of the Board of Directors and Member of the Disclosure Committee of the Issuer.

	<ul style="list-style-type: none"> ○ Member of the Board of Directors of Credit Suisse Securities (Europe) Limited and Member of the Management Committee of Credit Suisse AG, London Branch.
Caroline Mary Waddington (CFO)	<ul style="list-style-type: none"> • Managing Director in the CFO division of the Issuer. • Ms. Waddington is also CFO for Credit Suisse EMEA entities, including the Issuer and Chair of the UK Pension Committee. • Member of the Board of Directors and Member of the Disclosure Committee of the Issuer. • Member of the Board of Directors of Credit Suisse Securities (Europe) Limited, Credit Suisse Investment Holdings (UK) and Credit Suisse Investments (UK) and Member of the Management Committee of Credit Suisse AG, London Branch. • Ms. Waddington is a member of the Board of Directors of: <ul style="list-style-type: none"> ○ Trustee of St Giles Trust.

Pages 26 and 27 (PDF pages 28 and 29) of the 2022 CSi Annual Report provide further information on the Issuer's Board of Directors.

Directors' Conflicts of Interest

There are no potential conflicts of interest of the members of the Board of Directors between their duties to the Issuer and their private interests and/or other duties. Potential conflicts of interest of members of the Board of Directors due to roles held with UBS Group AG and/or Credit Suisse AG are managed by a Board Conflicts Committee and Conflicts Management Framework.

Legal and Arbitration Proceedings

During the period of 12 months ending on 20 October 2023 which is the date of the first supplement of the CSi Registration Document, there have been no governmental, legal or arbitration proceedings which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer, and the Issuer is not aware of any such proceedings being either pending or threatened, except as disclosed (i) under the heading "*Contingent Liabilities, Guarantees and Commitments*" in Note 35 to the consolidated financial statements of the Issuer on pages 99 to 101 (pages 101 to 103 of the PDF file) of the 2022 CSi Annual Report, and (ii) under the heading "*Litigation*" in Note 40 to the consolidated financial statements of CSG on pages 389 to 400 (pages 411 to 422 of the PDF file) of the CS AG Annual Report 2022, (iii) under the section headed "*UBS Group AG resolves Credit Suisse regulatory matters related to Archegos*" in the first supplement of the CSi Registration Document, (iv) under "*Note 15 – Provisions and contingent liabilities – Litigation regulatory and similar matters involving Credit Suisse entities*" on pages 100 to 110 (pages 103 to 113 of the PDF file) of the Form 6-K Dated 31 August 2023, (v) under "*Note 25 – Litigation*" on pages 110 to 119 (pages 116 to 125 of the PDF file) of the Form 6-K dated 29 September 2023, and (vi) under "Note 14—Contingent Liabilities and Commitments" on pages 30 to 32 (pages 32 to 34 of the PDF file) of the 2023 CSi H1 Interim Report.

Customer Account Matters

As further described on page 396 (page 418 of the PDF file) of the 2022 CS Annual Report, Credit Suisse filed a criminal complaint with the Geneva Prosecutor's Office against a former relationship manager in Switzerland who several clients claimed had exceeded his investment authority in the

management of their portfolios, resulting in excessive concentrations of certain exposures and investment losses, upon which complaint the prosecutor initiated a criminal investigation. On 9 February 2018, the former relationship manager was sentenced to five years in prison by the Geneva criminal court for fraud, forgery and criminal mismanagement. Civil lawsuits were initiated between 7 August 2017 and 25 August 2017 in the High Court of Singapore and the Supreme Court of Bermuda against Credit Suisse and/or certain affiliates, based on the findings established in the criminal proceedings against the former relationship manager.

In Bermuda, in the civil lawsuit brought against a Credit Suisse affiliate, the Supreme Court of Bermuda issued a first instance judgment on 29 March 2022, finding for the plaintiff, and issued an order on 6 May 2022, awarding damages of USD 607.35 million to the plaintiff. On 9 May 2022, Credit Suisse Life (Bermuda) Ltd. appealed the decision to the Bermuda Court of Appeal. On 25 July 2022, the Supreme Court of Bermuda granted a stay of execution of its judgment pending appeal on the condition that damages awarded were paid into an escrow account within 42 days, which condition was satisfied.

In the civil lawsuit brought against Credit Suisse Trust Limited in Singapore, on 26 May 2023, the Singapore International Commercial Court issued a first instance judgment finding for the plaintiffs and directing the parties' experts to agree by 30 June 2023 on the amount of the damages award according to the calculation method and parameters adopted by the court. The plaintiffs' experts initially calculated damages to be USD 926 million, using a start date for such calculation of 31 December 2007. The court determined that the start date for the calculation of damages shall be 30 March 2008, and on the basis of those parameters, Credit Suisse expects the damages amount to be significantly lower than USD 926 million. The amount will be determined by agreement between the parties' experts, or failing that, will be determined by the court. Further, the court determined that (i) damages shall be reduced by compensation already paid to the plaintiffs and (ii) there shall be no double recovery between this award and the award in the Bermuda proceedings against Credit Suisse Life (Bermuda) Ltd. An estimate of such amounts is not possible at the date of the CSi Registration Document as the proceedings are ongoing. No sanctions, other than damages, were sought by the plaintiffs and, as a result, non-monetary sanctions, such as an injunction or restraining order, were not imposed. Credit Suisse Trust Limited intends to appeal the judgment.

Statutory Auditors

The Issuer's auditor is PricewaterhouseCoopers LLP, 1 Embankment Place, London, WC2N 6RH. PricewaterhouseCoopers LLP is registered to carry out audit work by the Institute of Chartered Accountants in England and Wales.

The shareholders of CSG and CS re-elected PwC AG as CSG's and CS's statutory auditor for the fiscal year ending 31 December 2022 at their annual general meetings on 4 April 2023. The Board and shareholders of the Issuer have re-appointed PwC as the statutory auditor for the Issuer, effective for the fiscal year ending 31 December 2022.

For further information, refer to "Directors' Report – Independent Auditors" in the 2022 CSi Annual Report and "IV – Corporate Governance – Audit – External Audit" in the 2022 CS Annual Report.

Additional information; Documents on Display

As more fully described in Article 5.1 of the Issuer's Articles of Association, the objects and purpose of the Issuer are to carry on the business of a company performing any service or function in relation to any financial instrument or product. For the term of the CSi Registration Document, the current Articles of Association of the Issuer may be inspected in physical or electronic format at One Cabot Square, London E14 4QJ. This document is also available on the Credit Suisse website at <https://www.credit-suisse.com/media/assets/investment-banking/docs/financial-regulatory/international/csi-articles-of-association.pdf>.

For information on the Issuer's share capital, see "Share Capital and Share Premium" (Note 29 to the consolidated financial statements) on page 80 (page 82 of the PDF file) of the 2022 CSi Annual Report.

Responsibility Statements

The Issuer takes responsibility for the CSi Registration Document. To the best knowledge of the Issuer, the information contained in the CSi Registration Document is in accordance with the facts and the Registration Document makes no omission likely to affect its import.

The information contained in the CSi Registration Document relating to the shareholders of the Issuer on page 30 and the information incorporated by reference at points 3, 4, 5, 6, 7, 8, 9 and 10 under the section entitled "Information Incorporated by Reference" on page 20, was provided to the Issuer by its shareholders. It is confirmed that such information has been accurately reproduced, and as far as the Issuer is aware and is able to ascertain from information published by the shareholders, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Key Information on the Issuer

Who is the Issuer of the Notes?				
Domicile and legal form, law under which the Issuer operates and country of incorporation				
The Issuer is incorporated under English law as an unlimited liability company domiciled in England and Wales and which operates under English law. Its Legal Entity Identifier (LEI) is E58DKGMJYYYYJLN8C3868.				
Issuer's principal activities				
The principal activities of the Issuer are banking, including the trading of derivative products linked to interest rates, foreign exchange, equities, commodities and credit.				
Major shareholders, including whether it is directly or indirectly owned or controlled and by whom				
The Issuer is an indirect wholly owned subsidiary of UBS Group AG.				
Key managing directors				
Board of Directors (as of 20 October 2023 which is the date of the first supplement of the CSi Registration Document):				
John Devine	Jason Barron	Caroline Waddington		
David Todd	Beatriz Martin Jimenez			
Michael Ebert	Caroline Stewart			
Jeremy Anderson	Christopher Horne			
Jonathan Magee	Edward Jenkins			
Statutory auditors				
PricewaterhouseCoopers LLP, 1 Embankment Place, London, WC2N 6RH.				
What is the key financial information regarding the Issuer?				
The Issuer derived the key financial information included in the tables below as of and for the years ended 31 December 2021 and 31 December 2022 from the 2022 CSi Annual Report. The Issuer derived the key financial information included in the tables below as of and for the six months ended 30 June 2023 and 30 June 2022 from the 2023 CSi H1 Interim Report.				
CSi consolidated statement of income				
(USD million)	Interim 6 months ended 30	Interim 6 months ended 30	Year ended 31 December	Year ended 31

	June 2023 (unaudited)	June 2022 (unaudited)	2022 (audited)	December 2021 (audited)
Net interest income/(expense)	145	(42)	(42)	(63)
Commission and fee income	73	194	425	428
(Allowance)/reversal for credit losses	(8)	164	158	(4,530)
Net gains from financial assets/liabilities at fair value through profit or loss	764	1,146	1,603	1,761
Net revenues	1,006	1,547	2,328	(2,151)
(Loss)/Profit for the year	(806)	119	(685)	(5,343)
CSi consolidated statement of financial position				
(USD million)		As of 30 June 2023 (unaudited)	Year ended 31 December 2022 (audited)	Year ended 31 December 2021 (audited)
Total Assets		146,222	183,246	244,515
Borrowings		13,733	6,025	1,470
Debt in issuance		11,385	18,309	40,224
Loans and advances		3,475	2,973	2,968
Due to banks		113	266	218
Total shareholders' equity		17,073	17,904	17,629
What are the key risks that are specific to the Issuer?				
The Issuer is subject to the following key risks:				
<ol style="list-style-type: none"> 1. Liquidity risk arising from potential inability to borrow or access the capital markets on suitably favourable terms or to sell its assets. This may also arise from increased liquidity costs and utilisation of liquidity buffers. The CS AG Group has also experienced, and may continue to experience, deposit outflows at levels that substantially exceed rates typically incurred, significant withdrawals of cash deposits, non-renewal of maturing time deposits and net outflows in assets under management. The Issuer has suffered reputational harm as a result of the significant negative outflows of deposits and assets under management. 2. Risks arising from the suspension and ongoing liquidation of certain supply chain finance funds and the failure of a US-based hedge fund to meet its margin commitments (and the Issuer's exit from its positions relating thereto), in respect of which a number of regulatory and other inquiries, investigations and actions have been initiated or are being considered. In addition, the Issuer may suffer significant losses from its credit exposures, which exist across a wide range of transactions and counterparties and may be exacerbated by adverse market conditions, increased volatility in certain markets or instruments or disruption in the liquidity or transparency of financial markets. Disruptions in the liquidity or transparency of the financial markets may result in the Issuer's inability to sell, syndicate or realise the value of its positions, thereby leading to increased 				

concentrations. Any inability to reduce these positions may not only increase the market and credit risks associated with such positions, but also increase the level of risk-weighted assets on the Issuer's balance sheet, thereby increasing its capital requirements, all of which could adversely affect its businesses. Default or concerns of default by one or more large financial institutions could negatively impact the Issuer's business and the financial market generally, and the Issuer's credit risk exposure will increase if the collateral it holds cannot be realised at prices sufficient to cover the full amount of the exposure.

3. Market fluctuations, volatility relating to the Issuer's trading and investment activities (against which its hedging strategies may not prove effective), uncertainties regarding the discontinuation of benchmark rates and adverse economic conditions may impact the Issuer's financial condition and results of operations. The Issuer's financial position and cash flows are exposed to foreign currency exchange fluctuations, and this and other market risks could exacerbate other risks to which the Issuer is exposed. The Issuer is also exposed to other risks from adverse market conditions and unfavourable economic, monetary, political, geopolitical, legal, regulatory and other developments in the countries in which it operates (as well as countries in which the Issuer does not currently conduct business), including the risk of global recession, energy supply disruptions, developments in the Chinese economy or protraction or escalation of the conflict related to Russia invasion of Ukraine, as a result of which the United States, European Union, United Kingdom and other countries have imposed, and may further impose, financial and economic sanctions and export controls targeting certain Russian entities, individuals and/or sectors (such that the Issuer may face restrictions (including any Russian countermeasures) on engaging with certain consumer and/or institutional businesses), and which could lead to regional and/or global instability, as well as adversely affect commodity and other financial markets or economic conditions.
4. A wide variety of operational risks arising from inadequate or failed internal processes and systems or from external events, including data breaches, cybersecurity and other failures of information technology (whether by the Issuer or a third party with which the Issuer shares information). The Issuer's existing risk management procedures and policies may not always be effective, particularly in highly volatile markets, and may not be fully effective in mitigating its risk exposure in all economic market environments or against all types of risk, including risks that the Issuer fails to identify, anticipate or mitigate, in whole or in part, which may result in unexpected, material losses. Moreover, the Issuer's actual results may differ materially from its estimates and valuations, which are based on judgement and available information and rely on predictive models and processes. The same is true of the Issuer's accounting treatment of off-balance sheet entities, including special purpose entities, which requires it to exercise significant management judgement in applying accounting standards; these standards (and their interpretation) have changed and may continue to change. In addition, the Issuer's business may be disrupted by technology-related failures such as service outages or information security incidents, and the Issuer could be compromised by cyber incidents. Cybersecurity risks have also significantly increased in recent years in part due to the growing number and increasingly sophisticated activities of malicious cyber actors. In addition, physical and transition climate risks could have a financial impact on the Issuer either directly, through its physical assets, costs and operations, or indirectly, through its financial relationships with its clients. Given the growing volume of nascent climate and sustainability-related laws, rules and regulations, increasing demand from various stakeholders for environmentally sustainable products and services and regulatory scrutiny, the Issuer and other financial institutions may be subject to increasing litigation, enforcement and contract liability risks in connection with climate change, environmental degradation and other ESG-related issues.
5. The Issuer's exposure to legal risks is significant and difficult to predict and the volume and amount of damages claimed in litigation, regulatory proceedings and other adversarial proceedings against financial services firms continues to increase in many of the principal markets in which the Issuer operates. The Issuer's business is highly regulated, and existing, new or changed laws, rules and regulations (including an evolving

and complex set of sanctions regimes) may continue to increase costs (including costs related to compliance, systems and operations) and may continue to negatively affect the Issuer's ability to conduct certain types of business which could adversely affect the Issuer's profitability and competitive position. If the Issuer fails to manage these risks effectively, this could lead to a decrease in the value of its securities. Regulations applicable to the Issuer (as well as regulations and changes in enforcement practices applicable to its clients) may adversely affect its business and ability to execute its strategic plans. In addition, the applicable resolution and bail-in legislation (including the Banking Act 2009) may affect the Issuer's security holders, who would have very limited rights to challenge the exercise of the bail-in tool, any resolution power or any pre-resolution measure.

6. The Issuer is exposed to the risk that improper behaviour or judgement, misconduct, or non-compliance with policies or regulations by the Issuer's employees results in negative financial, non-financial or reputational impacts on its clients, employees, the Issuer and the financial markets. In addition, the Issuer's position in the highly competitive financial services industry could be harmed by damage to its reputation arising from the factors mentioned above or failures of the Issuer's procedures and controls.

PART II: CORPORATE INFORMATION

I. OUTLINE OF COMPANY

I-1 Trends of Key Management Indicators, etc.

	2023 ¹	2022 ¹	2021 ¹	2020 ²	2019 ²
Earnings					
Net (loss)/profit before tax (USD million):					
Continuing operations	(1,736)	(331)	(5,386)	191	163
Discontinued operations	–	–	–	10	27
Total	(1,736)	(331)	(5,386)	201	190
	2023	2022	2021	2020	2019
Extracts from Consolidated Statement of Financial Position (USD million):					
Total Assets	122,418	183,246	244,515	290,246	226,248
Total Asset (reduction)/growth	(33.2)%	(25.1)%	(15.8)%	28.3%	(2.4)%
Return on Total Assets	(1.4)%	(0.2)%	(2.2)%	0.1%	0.1%
	2023	2022	2021	2020	2019
Capital (USD million):					
Risk Weighted Assets	34,698	60,646 ³	62,643	106,476	77,108
Tier I capital	13,889	15,809	15,022	20,520	20,293
Tier I capital ratio (%)	40.0%	26.0%	24.0%	19.3%	26.3%
Return on Tier I capital	(12.5)%	(2.1)%	(35.9)%	1.0%	0.9%
	2023	2022	2021	2020	2019
Liquidity (USD million):					
Liquidity Buffer	14,255	13,968	24,280	13,663	16,255

¹ All operations were reported as continued in 2023, 2022 and 2021.

² Discontinued operations in 2019 and 2020 relate to transfer of EU business to European based CS group entities.

³ RWA numbers have been restated to align with December 2022 COREP resubmission numbers

I-2 Contents of Business

Business Model

Entity Structure

Credit Suisse International ('CSi' or 'Bank') is a private unlimited company domiciled in the United Kingdom ('UK') and together with its subsidiaries is referred to as the 'CSi group'. CSi is authorised by the Prudential Regulation Authority ('PRA') and regulated by the Financial Conduct Authority ('FCA') and the PRA. The Bank also maintains representative offices in Geneva, Hong Kong and Zurich. CSi is a majority-owned subsidiary of Credit Suisse AG ('CS AG'), incorporated in Switzerland. CSi is part of Credit Suisse AG and its subsidiaries (collectively referred to as the 'CS group').

On 12 June 2023, UBS Group AG ('UBS Group') acquired Credit Suisse Group AG (the former parent company of CS AG), succeeding by operation of Swiss law to all assets and liabilities of Credit Suisse Group AG, and became the direct or indirect shareholder of all of the former direct and indirect subsidiaries of Credit Suisse Group AG ('Transaction').

The acquisition followed a request from the Swiss Federal Department of Finance, the Swiss National Bank and the Swiss Financial Market Supervisory Authority ('FINMA') to both firms to duly consider the Transaction in order to restore necessary confidence in the stability of the Swiss economy and banking

system and to serve the best interests of the shareholders and stakeholders of UBS Group AG and Credit Suisse Group AG. As a result of further negotiations and supported by distinct government guarantees and measures, the firms subsequently entered into a merger agreement on 19 March 2023.

The ultimate parent of the Bank is UBS Group which is incorporated in Switzerland and prepares financial statements under International Financial Reporting Standards ('IFRS').

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

As of 31 December 2023, UBS Group will report five business divisions namely Global Wealth Management ('GWM'), Personal & Corporate Banking ('P&C'), Asset Management ('AM'), the Investment Bank ('IB'), and Non-core and Legacy ('NCL').

CSi group business is predominantly within NCL and IB divisions.

Financial statements

The CSi Financial Statements are presented in United States Dollars ('USD'), which is the functional currency of the Bank, rounded to the nearest million. They have been prepared in accordance with UK-adopted international accounting standards ('UK-adopted IFRS') and the applicable legal requirements of the Companies Act 2006. In addition to complying with UK-adopted IFRS, the consolidated financial statements also comply with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union ('EU-adopted IFRS'). The Directors present their Strategic Report, Directors' Report and the Financial Statements for the year ended 31 December 2023. The Financial Statements were authorised for issue by the Directors on 26 March 2024.

Purpose

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

Key Business Segments

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

The following are the key business segments remaining within CSi:

Non-core and Legacy ('NCL')

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

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

Investment Bank

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

Transition

The Transition division comprises of a portfolio of businesses that have been identified as being aligned with the future strategy of the Derivatives and Solutions business within UBS. The businesses are primarily Quantitative Investment Solutions ('QIS'), Fixed Income Solutions and Corporate Derivatives, which are

being transferred to UBS Group in 2024.

I-3 Status of Affiliates

The CSi group is controlled by UBS Group AG, its ultimate parent and also the largest group of undertakings to consolidate these financial statements. The registered office of UBS Group AG is at Bahnhofstrasse 45, 8001 Zurich, Switzerland. The CSi group's parent company, which holds a majority of the voting rights in the undertaking, is CS AG, which is incorporated in Switzerland. UBS Group AG now holds 100% of capital and votes in CS AG, which is incorporated in Switzerland. The registered address of CS AG is Paradeplatz 8, 8070 Zurich, Switzerland.

The CSi group has significant related party balances with subsidiaries and affiliates of UBS Group AG and CS AG, with substantially all balances with CS group entities. These transactions largely comprise of derivative trades, as the Bank is the principal risk taker for derivatives within CS AG, as well as funding trades via use of loans or due to banks, reverse repurchase or repurchase agreements. In addition, the ordinary shares are held by UBS Group AG and subsidiaries of UBS Group AG (i.e., CS AG). The Bank is also charged for operating costs that mainly relate to employee-related services and other business expenses. Further, these transactions also include transfer pricing income/charges with group entities of CS AG that provide services in respect of the global derivatives business which is centrally booked in the Bank. The CSi group generally enters into the above transactions in the ordinary course of business on market terms that could be obtained from unrelated parties.

CS AG, CSi group's immediate parent, is the smallest group of undertakings to prepare consolidated financial statements.

II. FINANCIAL CONDITION

Financial Statements for the year ended 31 December 2023

Consolidated Statement of Income for the Year ended 31 December 2023

	Reference to note	Year ended 31 December	
		2023	2022
Consolidated Statement of Income (USD million)			
Interest income	5	2,976	1,628
- of which Interest income from instruments at amortised cost		2,195	743
Interest expense	5	(2,532)	(1,670)
- of which Interest expense on instruments at amortised cost		(2,128)	(1,150)
Net interest income/(expense)		444	(42)
Commission and fee income	6	139	425
Allowance for credit losses	8	(68)	158
Net gains from financial assets/liabilities at fair value through profit or loss	9	796	1,603
Other revenues	10	102	184
Net revenues		1,413	2,328
Compensation and benefits	11	(642)	(551)
General, administrative and trading expenses	12	(2,460)	(2,061)
- of which Impairment on Intangibles and ROU asset		(531)	(27)
Restructuring expenses	13	(47)	(47)
Total operating expenses		(3,149)	(2,659)
Loss before taxes		(1,736)	(331)
Income tax expense	14	(57)	(354)
Loss for the year		(1,793)	(685)

Consolidated Statement of Comprehensive Income for the Year ended 31 December 2023

	Year ended 31 December	
	2023	2022
Consolidated Statement of Comprehensive Income (USD million)		
Loss for the year	(1,793)	(685)
Cash flow hedges – effective portion of changes in fair value	12	3
Related tax on cash flow hedges – effective portion of changes in fair value	–	(3)
Items that are or may be reclassified subsequently to Statement of income	12	–
Remeasurements of defined benefit asset	(56)	(358)
Related tax on remeasurements of defined benefit asset	16	90
Realised losses relating to credit risk on designated financial liabilities extinguished during the period reclassified to retained earnings	–	(1)
Unrealised (losses)/gains on designated financial liabilities relating to credit risk	(23)	31
Related tax on unrealised gain/(loss) on designated financial liabilities relating to credit risk	3	(3)
Items that will not be reclassified to Statement of income	(60)	(241)
Total other comprehensive loss for the period (net of taxes)	(48)	(241)
Total comprehensive loss	(1,841)	(926)
Attributable to Credit Suisse International shareholders	(1,841)	(926)

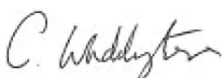
The notes on pages 50 to 151 form an integral part of the Financial Statements.

Consolidated Statement of Financial Position as at 31 December 2023

	Reference to note	As at 31 December	
		2023	2022
Assets (USD million)			
Cash and due from banks		3,627	4,149
Interest-bearing deposits with banks		8,319	12,085
Securities purchased under resale agreements and securities borrowing transactions	16	1,304	10,527
Trading financial assets mandatorily at fair value through profit or loss ¹	17	63,309	107,973
of which positive market values from derivative instruments	17	57,337	90,067
Non-trading financial assets mandatorily at fair value through profit or loss	18	24,588	22,831
Loans and advances	20	3,411	2,973
Current tax assets		121	110
Other assets	21	17,629	21,744
Property and equipment	23	27	372
Intangible assets	24	83	482
Total assets		122,418	183,246
Liabilities (USD million)			
Due to banks		31	266
Securities sold under repurchase agreements and securities lending transactions	16	358	2,924
Trading financial liabilities mandatorily at fair value through profit or loss	17	60,519	93,397
of which negative market values from derivative instruments	17	58,562	88,473
Financial liabilities designated at fair value through profit or loss	19	16,050	27,169
Borrowings		12,622	6,025
Current tax liabilities		3	3
Deferred tax liabilities	15	59	–
Other liabilities	21	9,025	16,675
Provisions	25	168	45
Debt in issuance	26	8,108	18,309
Lease liabilities	22	512	529
Total liabilities		107,455	165,342
Shareholders' equity (USD million)			
Share capital	28	7,267	11,366
Other equity instrument		1,200	1,200
Capital contribution	28	887	887
Retained earnings		6,058	4,852
Accumulated other comprehensive income	27	(449)	(401)
Total shareholders' equity		14,963	17,904
Total liabilities and shareholders' equity		122,418	183,246

¹ Trading Financial assets mandatorily at fair value through profit or loss includes trading assets pledged of USD 3,742 million (2022: USD 10,578 million). For further details, refer Note 37- Assets Pledged or Assigned.

The financial statements on pages 42 to 151 were approved by the Board of Directors on 26 March 2024 and signed on its behalf by:



Caroline Waddington
Director

The notes on pages 50 to 151 form an integral part of the Financial Statements.


Bank Statement of Financial Position as at 31 December 2023

	Reference to note	As at 31 December	
		2023	2022
Assets (USD million)			
Cash and due from banks		3,616	4,133
Interest-bearing deposits with banks		8,319	12,085
Securities purchased under resale agreements and securities borrowing transactions	16	1,304	10,527
Trading financial assets mandatorily at fair value through profit or loss ¹	17	63,354	107,987
<i>of which positive market values from derivative instruments</i>	17	57,337	90,188
Non-trading financial assets mandatorily at fair value through profit or loss	18	24,395	22,258
Loans and advances	20	3,411	2,973
Current tax assets		121	110
Other assets	21	17,629	21,744
Property and equipment	23	27	372
Intangible assets	24	83	482
Total assets		122,259	182,671
Liabilities (USD million)			
Due to banks		31	266
Securities sold under repurchase agreements and securities lending transactions	16	358	2,924
Trading financial liabilities mandatorily at fair value through profit or loss	17	60,519	93,661
<i>of which negative market values from derivative instruments</i>	17	58,562	88,737
Financial liabilities designated at fair value through profit or loss	19	15,891	26,332
Borrowings		12,622	6,025
Current tax liabilities		3	3
Deferred Tax Liabilities	15	59	–
Other liabilities	21	9,025	16,674
Provisions	25	168	45
Debt in issuance	26	8,108	18,308
Lease liabilities	22	512	529
Total liabilities		107,296	164,767
Shareholders' equity (USD million)			
Share capital	28	7,267	11,366
Other equity instrument		1,200	1,200
Capital contribution	28	887	887
Retained earnings		6,058	4,852
Accumulated other comprehensive income	27	(449)	(401)
Total shareholders' equity		14,963	17,904
Total liabilities and shareholders' equity		122,259	182,671

¹ Trading Financial assets mandatorily at fair value through profit or loss includes trading assets pledged of USD 3,742 million (2022: USD 10,616 million). For further details, refer Note 37- Assets Pledged or Assigned

The Bank's loss was USD 1,793 million for the year ended 31 December 2023 (2022: Loss USD 685 million). As permitted by s408 of the Companies Act 2006, no separate statement of income is presented in respect of the Bank.

The financial statements on pages 42 to 151 were approved by the Board of Directors on 26 March 2024 and signed on its behalf by:



Caroline Waddington
Director

The notes on pages 50 to 151 form an integral part of the Financial Statements.

Consolidated Statement of Changes in Equity for the Year ended 31 December 2023

	Share Capital	Capital Contribution	Other Equity Instruments	Retained Earnings	AOI ¹	Total
Consolidated Statement of Changes in Equity (USD million)						
Balance at 1 January 2023	11,366	887	1,200	4,852	(401)	17,904
Net loss for the year	–	–	–	(1,793)	–	(1,793)
Unrealised gain on designated financial liabilities relating to credit risk	–	–	–	–	(23)	(23)
Related tax on unrealised gain on designated financial liabilities relating to credit risk	–	–	–	–	3	3
Cash flow hedges – effective portion of changes in fair value	–	–	–	–	12	12
Remeasurement of defined benefit pension assets	–	–	–	–	(56)	(56)
Related tax on remeasurement of defined benefit pension assets	–	–	–	–	16	16
Total comprehensive loss for the period	–	–	–	(1,793)	(48)	(1,841)
Transactions with owners of the Company						
Capital reduction	(4,099)	–	–	4,099	–	–
Dividend payment	–	–	–	(1,100)	–	(1,100)
Balance at 31 December 2023	7,267	887	1,200	6,058	(449)	14,963
Consolidated Statement of Changes in Equity (USD million)						
Balance at 1 January 2022	11,366	887	–	5,536	(160)	17,629
Net loss for the period	–	–	–	(685)	–	(685)
Realised gain/(loss) relating to credit risk on designated financial liabilities extinguished during year reclassified to retained earnings	–	–	–	1	(1)	–
Unrealised gain on designated financial liabilities relating to credit risk	–	–	–	–	31	31
Related tax on unrealised gain on designated financial liabilities relating to credit risk	–	–	–	–	(3)	(3)
Cash flow hedges – effective portion of changes in fair value	–	–	–	–	3	3
Related tax on cash flow hedges – effective portion of changes in fair value	–	–	–	–	(3)	(3)
Remeasurement of defined benefit pension assets	–	–	–	–	(358)	(358)
Related tax on remeasurement of defined benefit pension assets	–	–	–	–	90	90
Total comprehensive loss for the period	–	–	–	(684)	(241)	(925)
Transactions with owners of the Company						
Additional Tier 1 Capital issuance	–	–	1,200	–	–	1,200
Balance at 31 December 2022	11,366	887	1,200	4,852	(401)	17,904

¹ AOCI refers to Accumulated Other Comprehensive Income

CSi paid a dividend of USD 1.1 billion to its Parent during the year. There were no dividends paid during 2022.

The notes on pages 50 to 151 form an integral part of the Financial Statements.

Bank Statement of Changes in Equity for the Year ended 31 December 2023

	Share Capital	Capital contribution	Other Equity Instruments	Retained Earnings	AOCI ¹	Total
Bank Statement of Changes in Equity (USD million)						
Balance at 1 January 2023	11,366	887	1,200	4,852	(401)	17,904
Net loss for the year	–	–	–	(1,793)	–	(1,793)
Unrealised loss on designated financial liabilities relating to credit risk	–	–	–	–	(23)	(23)
Related tax on unrealised loss on designated financial liabilities relating to credit risk	–	–	–	–	3	3
Cash flow hedges – effective portion of changes in fair value	–	–	–	–	12	12
Remeasurement of defined benefit pension assets	–	–	–	–	(56)	(56)
Related tax on defined benefit pension assets	–	–	–	–	16	16
Total comprehensive loss for the period	–	–	–	(1,793)	(48)	(1,841)
Transactions with owners of the Company						
Capital reduction	(4,099)	–	–	4,099	–	–
Dividend payment	–	–	–	(1,100)	–	(1,100)
Balance at 31 December 2023	7,267	887	1,200	6,058	(449)	14,963
Bank Statement of Changes in Equity (USD million)						
Balance at 1 January 2022	11,366	887	–	5,536	(160)	17,629
Net loss for the year	–	–	–	(685)	–	(685)
Realised gain/(loss) relating to credit risk on designated financial liabilities extinguished during year reclassified to retained earnings	–	–	–	1	(1)	–
Unrealised gain on designated financial liabilities relating to credit risk	–	–	–	–	31	31
Related tax on unrealised gain on designated financial liabilities relating to credit risk	–	–	–	–	(3)	(3)
Cash flow hedges – effective portion of changes in fair value	–	–	–	–	3	3
Related tax on cash flow hedges – effective portion of changes in fair value	–	–	–	–	(3)	(3)
Remeasurement of defined benefit pension assets	–	–	–	–	(358)	(358)
Related tax on defined benefit pension assets	–	–	–	–	90	90
Total comprehensive loss for the period	–	–	–	(684)	(241)	(925)
Transactions with owners of the Company						
Additional Tier 1 Capital issuance	–	–	1,200	–	–	1,200
Balance at 31 December 2022	11,366	887	1,200	4,852	(401)	17,904

¹ AOCI refers to Accumulated Other Comprehensive Income

CSI paid a dividend of USD 1.1 billion to its Parent during the year. There were no dividends paid during 2022.

The notes on pages 50 to 151 form an integral part of the Financial Statements.

Consolidated Statement of Cash Flows for the Year ended 31 December 2023

	Reference to note	Year ended 31 December	
		2023	2022
Cash flows from operating activities (USD million)			
Loss before tax for the period		(1,736)	(331)
Adjustments to reconcile loss before tax to net cash generated from/(used in) operating activities (USD million)			
Non-cash items included in loss before tax and other adjustments:			
Depreciation, impairment and amortisation	12, 23, 24	771	233
Share based compensation charge/(Reversal of charge)		59	(27)
Pension plan credits	30	(25)	(9)
Accrued interest on debt in issuance	5	734	515
Accrued interest on lease liability	5	16	17
Net unearned income on loans and advances	20	-	(2)
Provision for credit losses/(Release of allowance for loan losses)	8	37	(158)
Foreign exchange loss/(gain) ²		313	(2,330)
Provisions	25	323	114
Total adjustments		2,228	(1,647)
Cash generated from /(used in) before changes in operating assets and liabilities		492	(1,978)
Net (increase)/decrease in operating assets:			
Interest bearing deposit with banks		3,766	1,199
Securities purchased under resale agreements and securities borrowing transactions	16	9,223	(1,625)
Trading financial assets mandatorily at fair value through profit or loss	17	44,664	35,745
Non-trading financial assets mandatorily at fair value through profit or loss	18	(1,762)	15,395
Loans and advances	20	(476)	-
Other assets	21	4,104	12,729
Net decrease in operating assets		59,519	63,443
Net increase/ (decrease) in operating liabilities:			
Securities sold under repurchase agreements and securities lending transactions	16	(2,566)	(447)
Trading financial liabilities mandatorily at fair value through profit or loss	17	(32,879)	(28,656)
Financial liabilities designated at fair value through profit or loss	19	(11,126)	(7,809)
Borrowings		6,597	4,555
Share based compensation (Reported as other liabilities & provisions)	21, 25	(75)	(127)
Other liabilities and provisions	21, 25	(8,582)	(7,671)
Net decrease in operating liabilities		(48,631)	(40,155)
Income taxes refunded		10	-
Income taxes paid		(13)	(21)
Group relief received/ (paid)		10	(13)
Net cash generated from operating activities		11,387	21,276
Cash flows from investing activities (USD million)			
Proceeds from property, equipment and intangible assets	23, 24	12	5
Capital expenditures for property, equipment and intangible assets	23, 24	(38)	(183)
Proceeds from sale of investment property		-	13
Net cash used in investing activities		(26)	(165)
Cash flow from financing activities (USD million)			
Issuances of debt in issuance	26	8,452	646
Repayments of debt in issuance	26	(19,039)	(20,218)
Repayments of lease liability	22	(62)	(47)
Issuance of Additional Tier I Capital		-	1,200
Dividend payout		(1,100)	-
Net cash flow used in financing activities		(11,749)	(18,419)
Net change in cash and cash equivalents		(388)	2,692
Cash and cash equivalents at beginning of period ¹		3,883	1,266
Effect of exchange rate fluctuations on cash and cash equivalents		101	(75)
Cash and cash equivalents at end of period (USD million)		3,596	3,883
Cash and due from banks		3,627	4,149
Due to banks		(31)	(266)
Cash and cash equivalents at end of period (USD million) ¹		3,596	3,883

Interest received was USD 2,973 million (2022: USD 1,560 million), interest paid was USD 2,518 million (2022: USD 1,631 million).

¹ At 2023, USD 31 million (2022: USD 62 million) was not available for use by CSi relating to mandatory deposits at central banks.

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

The notes on pages 50 to 151 form an integral part of the Financial Statements.

Bank Statement of Cash Flows for the Year ended 31 December 2023

	Year ended 31 December		
	Reference to notes	2023	2022
Cash flows from operating activities (USD million)			
Loss before tax for the period		(1,736)	(331)
Adjustments to reconcile loss to net cash generated from/(used in) operating activities (USD million)			
Non-cash items included in loss before tax and other adjustments:			
Depreciation, impairment and amortisation	12, 23, 24	771	233
Share based compensation charge/(Reversal of charge)		59	(27)
Pension plan credits	30	(25)	(9)
Accrued interest on debt in issuance	5	734	515
Accrued interest on lease liability	5	16	17
Net unearned income on loans and advances	20	-	(2)
Provision for credit losses/(Release of allowance for loan losses)	8	37	(158)
Foreign exchange loss/(gain) ²		313	(2,330)
Provisions	25	323	114
Total adjustments		2,228	(1,647)
Cash generated from /(used in) before changes in operating assets and liabilities		492	(1,978)
Net decrease/(increase) in operating assets:			
Interest bearing deposits with banks		3,766	1,199
Securities purchased under resale agreements and securities borrowing transactions	16	9,223	(1,625)
Trading financial assets mandatorily at fair value through profit or loss	17	44,633	35,938
Non-trading financial assets mandatorily at fair value through profit or loss	18	(2,142)	15,645
Loans and advances	20	(476)	-
Other assets	21	4,104	12,728
Net decrease in operating assets		59,108	63,885
Net (decrease)/increase in operating liabilities:			
Securities sold under repurchase agreements and securities lending transactions	16	(2,566)	(447)
Trading financial liabilities at fair value through profit or loss	17	(33,142)	(28,394)
Financial liabilities designated at fair value through profit or loss	19	(10,447)	(8,496)
Borrowings		6,597	4,555
Share Based Compensation (Reported as other liabilities & provisions)	21, 25	(75)	(127)
Other liabilities and provisions	21, 25	(8,583)	(7,672)
Net decrease in operating liabilities		(48,216)	(40,581)
Income taxes refunded		10	-
Income taxes paid		(13)	(21)
Group relief received/ (paid)		10	(13)
Net cash generated from operating activities		11,391	21,292
Cash flows from investing activities (USD million)			
Proceeds from property, equipment and intangible assets	23, 24	12	5
Capital expenditures for property, equipment and intangible assets	23, 24	(38)	(183)
Net cash used in investing activities		(26)	(178)
Cash flows from financing activities (USD million)			
Issuances of debt in issuance	26	8,452	645
Repayments of debt in issuance	26	(19,038)	(20,218)
Repayments of lease liability	22	(62)	(47)
Dividend payout		(1,100)	-
Issuance of Additional Tier I Capital		-	1,200
Net cash flow used in financing activities		(11,748)	(18,420)
Net (decrease)/ increase in cash and cash equivalents		(383)	2,694
Cash and cash equivalents at beginning of period ¹		3,867	1,248
Effect of exchange rate fluctuations on cash and cash equivalents		101	(75)
Cash and cash equivalents at end of period (USD million)		3,585	3,867
Cash and due from banks		3,616	4,133
Due to banks		(31)	(266)
Cash and cash equivalents at end of period (USD million)¹		3,585	3,867

Interest received was USD 2,973 million (2022: USD 1,560 million), interest paid was USD 2,518 million (2022: USD 1,631 million).

¹ At 2023, USD 31 million (2022: USD 62 million) was not available for use by CSi relating to mandatory deposits at central banks.

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

The notes on pages 50 to 151 form an integral part of the Financial Statements.

Notes to the consolidated financial statements

1	General	50
2	Significant Accounting Policies	50
3	Critical Accounting Estimates and Judgements in Applying Accounting Policies	62
4	Segmental Analysis	64
5	Net Interest income /(expense)	65
6	Commission and Fee Income	66
7	Revenue from Contracts with Customers	66
8	Allowance for Credit Losses	67
9	Net Gains from Financial Assets/Liabilities at Fair Value through Profit or Loss	67
10	Other Revenues	67
11	Compensation and Benefits	68
12	General, Administrative and Trading Expenses	68
13	Restructuring Expenses	68
14	Income Tax (Expense)/Benefit	69
15	Deferred Taxes	70
16	Securities Borrowed, Lent and Purchased/Sold under Resale/Repurchase Agreements	71
17	Trading Financial Assets and Liabilities Mandatorily at Fair Value through Profit or Loss	71
18	Non-Trading Financial Assets Mandatorily at Fair Value Through Profit or Loss	72
19	Financial Liabilities Designated at Fair Value Through Profit or Loss	72
20	Loans and Advances	73
21	Other Assets and Other Liabilities	74
22	Lease Liabilities	74
23	Property and Equipment	75
24	Intangible Assets	75
25	Provisions	76
26	Debt In Issuance	76
27	Accumulated Other Comprehensive Income	78
28	Share Capital and Share Premium	78
29	Expected Credit Loss Measurement	78
30	Retirement Benefit Obligations	84
31	Employee Share-based Compensation and Other Compensation Benefits	87
32	Related Parties	89
33	Derivatives and Hedging Activities	93
34	Contingent Liabilities, Guarantees and Commitments	97
35	Interests in Other Entities	100
36	Financial Instruments	106
37	Assets Pledged or Assigned	129
38	Derecognition	130
39	Financial Risk Management	131
40	Offsetting of Financial Assets and Financial Liabilities	147
41	Capital Adequacy	151

Notes to the Financial Statements for the year ended 31 December 2023

1 General

Credit Suisse International ('CSi' or the 'Bank') is a bank incorporated and domiciled in the United Kingdom and registered in England and Wales. The address of the Bank's registered office is One Cabot Square, London, E14 4QJ. The Consolidated Financial Statements for the year ended 31 December 2023 comprise CSi and its subsidiaries (together referred to as the 'CSi group'). The Consolidated Financial Statements were authorised for issue by the Directors on 26 March 2024.

2 Significant Accounting Policies

a) Statement of compliance

The financial statements of CSi group 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. The consolidated financial statements also comply with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union ('EU-adopted IFRSs')

b) Basis of preparation

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

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only

that period. Revisions to accounting estimates are recognised in the period of revision and future periods if the revision has a significant effect on both current and future periods. Accounting policies have been applied consistently by the CSi group entities. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the CSi group.

Going Concern

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

CSi is a regulated entity currently in wind down with core assets in transition to target UBS entities and non-core and legacy assets being exited in a safe, controlled and commercial manner ensuring ongoing compliance with all internal and regulatory capital and liquidity requirements. This is expected to take longer than 18 months.

CSi is reliant on funding from Credit Suisse AG ('CS AG') which has provided a letter of intent to ensure CSi can meet its debt obligations from 18 March 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 its operating, investing and financing activities through at least one year and a day through at least 28 March 2025, or a merger with UBS AG, if earlier.

The merger of CS AG 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 concern status of CSi. When CS AG merges with UBS AG, the comfort letters 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 CSi including forward looking plans. CSi currently has capital and liquidity surpluses to all regulatory limits and is forecasting to maintain them for at least 12 months.

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

Standards adopted and effective in the current period

The CSi group has adopted the following amendment in the current period.

Amendments to IAS 12, Income Taxes

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 Rules that is imposed under tax law that is 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. The CSi group 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 the CSi group's financial statements for the year ended 31 December 2023. The CSi group's 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.

Other amendments to IFRS

Effective from 1 January 2023, CSi group has adopted several minor amendments to IFRS, which have had no material effect on the CSi group.

c) Basis of consolidation

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

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

The CSi group makes significant judgements and assumptions when determining if it has control of another entity. The CSi group may control an entity even though it holds less than half of the voting rights of that entity, for example if the CSi group has control over an entity on a de facto basis because the remaining voting rights are widely dispersed and/or there is no indication that other shareholders exercise their votes collectively. Conversely, the CSi group may not control an entity even though it holds more than half of the voting rights of that entity, for example where the CSi group holds more than half of the voting power of an entity but does not control it, as it has no right to variable returns from the

entity and is not able to use its power over the entity to affect those returns. The financial statements of subsidiaries are included in the consolidated financial statements from the date which control commences until the date on which control ceases. The CSi group reassesses consolidation status on at least a quarterly basis.

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

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

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

d) Foreign currency

The Bank's functional and presentation currency is United States Dollars ('USD') which is the currency of the primary economic environment in which the entity operates. Transactions denominated in currencies other than the functional currency of the reporting entity are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to USD at the foreign exchange rate ruling at that date. Foreign exchange differences arising from translation are recognised in the Consolidated Statement of Income. Nonmonetary

assets and liabilities, unless revalued at fair value, denominated in foreign currencies at the reporting date are not revalued for movements in foreign exchange rates.

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

e) Financial assets and liabilities

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

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

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

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

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

For the 'Hold to Collect' business model, the contractual cash flows of the financial assets are assessed to determine if they consist of solely payments of principal and interest. For the purpose

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

These criteria determine how a financial asset is subsequently measured.

Amortised Cost

Financial assets which have contractual cash flows which consist solely of payments of principal and interest and are held in a 'Hold to Collect' business model are subsequently measured at amortised cost and are subject to impairment (Refer note i). Financial liabilities (other than derivatives) which are not held for trading or which have not been designated at FVTPL are subsequently measured at amortised cost.

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

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

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

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

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

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

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

performance of the assets and to make decisions about that asset.

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

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

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

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

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

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

The fair value measurement guidance establishes a single authoritative definition of fair value and sets out a framework for measuring fair value. Refer to Note 36 Financial Instruments.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements. Issued financial instruments or their components are classified as equity if the contractual arrangement does not result in an obligation to either deliver cash or another financial asset, or a variable number of equity shares, to the holder of the instrument. The proceeds from such issuances are included in equity, net of transaction costs.

f) Derivative financial instruments and hedging

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

Embedded derivatives

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

Cash flow hedge accounting

As permitted by the transition provision in IFRS 9 Financial Instruments, the CSi group applies IAS 39 Financial Instruments: Recognition and Measurement for hedge accounting. For hedges of the variability of cash flows from forecasted transactions, the effective portion of the change in the fair value of a designated derivative is recorded in Accumulated Other Comprehensive Income ('AOCI') as part of shareholders' equity. These amounts are reclassified into the Consolidated Statement of Income when the forecasted transaction impacts earnings. Hedge ineffectiveness is recorded in "Net gains/(losses) from financial assets/liabilities at fair value through profit or loss".

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

When the CSi group discontinues hedge accounting because a forecasted transaction is no longer expected to occur, the derivative will continue to be carried on the Consolidated Statement of Financial Position at its fair value, and gains and losses that were previously recorded in equity will be recognised immediately in the Consolidated Statement of Income. When the CSi group discontinues hedge accounting but the forecasted transaction is

still expected to occur, the derivative will continue to be recorded at its fair value with all subsequent changes in value recorded directly in the Consolidated Statement of Income. Any gains or losses recorded in equity prior to the date hedge accounting is no longer applied will be reclassified to net income when the forecasted transaction takes place.

g) Recognition and derecognition

Recognition

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

Regular-way securities transactions

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

Derecognition

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

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

The CSi group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. Where the CSi group has a financial liability and a financial instrument is exchanged for a new financial instrument with the same counterparty, which is substantially different, or when an existing financial instrument classified as a financial liability is substantially modified, the old financial instrument is deemed to be extinguished

and a new financial liability is recognised. Any gain or loss due to derecognition of the extinguished instrument is recorded in the Consolidated Statement of Income.

Securitisation

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

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

h) Netting

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

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

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

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

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

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

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

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

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

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

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

Measurement of ECLs

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

- Financial assets that are not credit-impaired at the reporting date (Stage 1 or Stage 2), apply the present value of all cash

shortfalls – i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the CSi group expects to receive. The CSi group applies a PD/LGD approach under which term structures of point-in-time probability of defaults ('PD'), point-in-time loss given defaults ('LGD') and exposure at defaults ('EADs') are estimated;

- Financial assets that are credit-impaired at the reporting date (Stage 3), apply the difference between the gross carrying amount and the present value of estimated future cash flows.
- Undrawn loan commitments apply the present value of the difference between the contractual cash flows that are due to the CSi group if the commitment is drawn down and the cash flows that the CSi group expects to receive;
- Financial guarantee contracts apply the present value of the expected payments to reimburse the holder less any amounts that the CSi group expects to recover; and
- The CSi group applies the simplified approach to providing for expected credit losses which permits the use of the lifetime expected loss provision for all fee receivables. To measure the expected credit losses, the CSi group will apply a provision matrix in the form of aging analysis, including relevant forward looking information. The fee receivables do not contain a significant financing component.

Definition of default

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

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

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

Forward looking information

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

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

Significant increases in credit risk ('SICR')

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

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

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

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

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

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

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

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

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

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

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

Expected life

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

Grouping financial assets measured on a collective basis

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

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

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

Write-off of loans

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

j) Loans and advances

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

credit impaired loans, the initial lifetime expected credit losses are included in the estimated cash flows when computing the effective interest method.

→ For detailed impairment guidance, refer note i.

k) Cash and due from banks

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

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

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

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

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

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

l) Interest income and expense

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

calculated by applying the effective interest rate to the amortised cost (i.e. net of the expected credit loss provision).

m) Commissions and fees

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

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

(revenue and expenses reported net) is appropriate when CSi group acts as an agent in the transaction.

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

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

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

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

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

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

o) Securities borrowing and lending transactions

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

Securities borrowing and lending transactions generally do not result in the de-recognition of the transferred assets because the

CSi group retains risks & rewards of owning the transferred security. If securities pledged to collateralise a securities borrowing trade endow the securities lender with the right to re-hypothecate those collateral assets, the CSi group will present the collateral assets as encumbered on the Consolidated Statement of Financial Position.

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

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

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

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

p) Income tax

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

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

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

Deferred tax is provided using the Statement of Financial Position liability method, providing for temporary differences between the

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

Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

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

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

Tax contingencies

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

q) Property and equipment

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

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

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

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

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

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

r) Intangible assets

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

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

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

s) Provisions

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

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

t) Debt in issuance

Debt issuances are initially recognised on the date on which the cash is received and are measured at amortised cost or designated at fair value through profit or loss.

Debt instruments designated at fair value through profit or loss are disclosed as a separate line item on the face of the balance sheet. Direct costs incurred upon the issuance of debt instruments designated at fair value through profit or loss are recognised as incurred in the respective non-interest expense classification relating to the expense incurred, e.g. legal expenses, printing, accounting fees, etc. Debt instruments issued by the entity which are not carried at fair value are recorded at par (nominal value) net of any premiums or discounts. Direct costs incurred with the issuance of the debt (debt issuance costs) are deferred and recorded as a direct deduction from the carrying amount of the related liability. Premiums and discounts and debt issue costs are amortised using the effective interest method.

The CSi group issues structured products with embedded derivatives. A structured product that contains a bifurcated embedded derivative is designated at fair value through profit or loss.

u) Disposal groups and discontinued operations

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

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

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

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

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

v) Retirement benefit obligations

Defined benefit plans

The Bank is the legal sponsor of the UK Defined Benefit Plan ('UK DB Plan') and accounts for the entire plan using defined benefit accounting.

Defined benefit plans specify an amount of benefit that an employee will receive, which usually depends on one or more factors, such as age, years of service and compensation. The defined benefit liability recognised in the balance sheet is the present value of the defined benefit obligation, measured using the projected unit credit method, less the fair value of the plan's assets at the balance sheet date, with changes resulting from remeasurements recorded immediately in OCI. If the fair value of the plan's assets is higher than the present value of the defined benefit obligation, the recognition of the resulting net asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. Calculation of the net defined benefit obligation or asset takes into account the specific features of the plan, and is calculated periodically by independent qualified actuaries.

Defined contribution plans

The Bank also contributes to various defined contribution pensions primarily in the UK.

A defined contribution plan pays fixed contributions into a separate entity from which retirement and other benefits are paid. The Bank has no legal or constructive obligation to pay further amounts if the plan does not hold sufficient assets to pay employees the benefits relating to employee service in the current and prior periods. Compensation expense is recognised when the employees have rendered services in exchange for contributions. This is generally in the year of contribution. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

w) Share-based payments

For share awards granted to employees of the Bank prior to the acquisition of Credit Suisse Group by UBS Group on 12th June 2023, a liability equal to the portion of the services received is recognised at the current market value determined at each balance sheet date. The Bank pays for UBS Group shares at market value at the time of settlement to employees.

For share awards granted following the date of acquisition, the grantor is UBS Group. The Bank is invoiced over the requisite service period for the grant price of awards relating to employees of the Bank. No further payments are required to be made by the Bank at the time of settlement to employees.

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

The majority of share awards granted include the right to receive dividend equivalents on vested shares in the form of cash or additional shares.

x) Other compensation plans

The CSi group has other deferred compensation plans which can be in the form of variable deferred cash compensation. A liability equal to the portion of the services received in respect of outstanding deferred compensation is recognised at each balance sheet date. The expense for these awards is recognised over the service period, which is the period the employee is obligated to work in order to become entitled to the cash compensation. For certain variable deferred cash compensations awards the final cash payout is determined by the performance of certain assets.

The awards are expensed over the required service period and accruals are adjusted for changes to the expected final payout.

y) Financial guarantee contracts

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

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

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

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

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

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

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

z) Leases

The CSi group recognises lease liabilities and right-of-use ('ROU') assets, which are reported as property and equipment.

Lease liabilities are recognised at the lease commencement date based on the present value of lease payments over the lease term. ROU assets are initially measured based on the lease liability, adjusted for any initial direct costs, any lease payments made prior to lease commencement and for any lease incentives.

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

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

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

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

aa) Contingent liabilities

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

ab) Dividends

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

3 Critical Accounting Estimates and Judgements in Applying Accounting Policies

In order to prepare the Consolidated Financial Statements, management is required to make critical judgements. Management also makes certain accounting estimates to ascertain the value of assets and liabilities and determine the impact to the Consolidated Statement of Income. Judgements and estimates are based upon the information available at the time, and actual results may differ materially. The following critical judgements and estimates are sources of uncertainty and as a result have the risk of having a material effect on the amounts recognised in the financial statements.

In the course of preparing the financial statements, judgements have been made in the process of applying the accounting policies, in regard to taxes and structured entities. Several estimates have been made that have had a significant effect on the amounts recognised in the financial statements.

Taxes

Deferred tax valuation

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

Key Judgements

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

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

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

Key Estimates

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

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

Fair Value

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

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

Key Estimates

The CSi group holds some financial instruments for which no prices are publicly available, and which have little or no observable inputs. For these instruments, the determination of fair value requires subjective assessment and judgement on key estimates to be made depending on liquidity, pricing assumptions, the current economic and competitive environment and the risks affecting the specific instrument. In such circumstances, the valuation of financial instruments involves a significant degree of judgement, in particular where valuation models make use of unobservable inputs.

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

→ For more details regarding the valuation models used for each of these instruments please refer to Note 36 – Financial Instruments.

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

→ For more details regarding the valuation models and techniques used for each of these instruments please refer to Note 19 Financial Liabilities Designated at Fair Value Through Profit or Loss and Note 36 – Financial Instruments.

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

→ For further information to the CSi group's control and governance processes on the fair value of financial instruments, refer to Note 36 – Financial Instruments.

Retirement Benefit Obligations

The Bank has both defined contribution and defined benefit pension plans. The following relates to the assumptions the Bank, as sponsor of the UK DB Plan, has made in arriving at the valuations of the various components of the plan.

Key Estimates

The net defined benefit liability or asset at the balance sheet date and the related pension expense depend on the expected future benefits to be provided, determined using a number of economic and demographic assumptions. A range of assumptions could be applied, and different assumptions could significantly alter the defined benefit liability or asset and pension expense recognised. The most significant assumptions include life expectancy, discount rate, inflation rate, and pension increases.

→ Please see Note 30 – Retirement Benefit Obligations for more information.

Litigation contingencies

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

Key Estimates

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

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

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

→ Please see Note 25 – Provisions for more information.

Structured Entities

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

Key Judgements

The CSi group exercises judgement in assessing whether an entity is a structured entity. The assessment performed considers whether the CSi group is the sponsor with a variable return, is the sponsor with no variable return but with additional involvement, or is not a sponsor but has a variable return. Additionally, the CSi group exercises judgements in assessing whether the CSi group has (joint) control of, or significant influence over, another entity including structured entities. The assessment considers whether the CSi group has power over the entity, exposure or rights to variable returns from its involvement with the entity, and whether the CSi group has the ability to use its power over the entity to affect the amount of returns. Significant judgement is applied in determining whether the CSi group has power over the entity, and is based on the current ability of the CSi group to direct the relevant activities. Significant judgement is also applied when considering the substance of voting and similar rights. Entities are consolidated

when the CSi group obtains control. The CSi group provides disclosures with regards to unconsolidated structured entities such as when it sponsors or has an interest in such an entity.

→ Please see Note 35 – Interests in Other Entities for more information.

4 Segmental Analysis

CSi group has 4 reportable segments namely, Investment Bank, Transition, Non-Core & Legacy 'NCL' and Corporate Centre, that are regularly reviewed by the Chief Operating Decision Maker ('CODM') when assessing the performance and allocation of resources. The CODM has been determined to be the Board. Following the UBS acquisition of CS group announced in March 2023, the NCL division has been created and businesses not part of ongoing UBS strategy moved into the division and are actively being wound-down. In addition, the Transition division was set-up and holds businesses where migration to a UBS entity is planned. The Investment Bank holds businesses aligned with UBS strategy.

For the period ended 31 December 2022, the CSi group had 2 reportable segments, Investment Bank and Corporate Centre (includes ARU)

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

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

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

The following table shows the revenue of each operating segment during the year:

	2023	2022 ¹
Revenues (USD million)		
Investment Bank	85	194
Transition	221	427
Non-Core Legacy	106	1,207
- NCL Credit	(62)	325
- NCL Securitized Products	(33)	(5)
- NCL Equities	201	922
- NCL Macro	(73)	(17)
- NCL Management	69	(16)
- NCL Others	4	(2)
Other	11	6
Corporate centre (includes ARU)	6	119
Total	429	1,953

¹ Prior period numbers have been restated to conform to current period's presentation.

The following table shows the (loss)/income before taxes of each operating segment during the year:

	2023	2022 ¹
Consolidated Income before taxes (USD million)		
Investment Bank	(215)	(158)
Transition	199	323
Non-Core Legacy	(1,510)	(655)
- NCL Credit	(350)	(138)
- NCL Securitized Products	(45)	(31)
- NCL Equities	(295)	102
- NCL Macro	(70)	(314)
- NCL Management	(755)	(266)
- NCL Others	5	(8)
Other	(24)	(30)
Corporate centre (includes ARU)	(17)	50
Total	(1,567)	(470)

¹ Prior period numbers have been restated to conform to current period's presentation.

Reconciliation of reportable segment revenues

	2023	2022 ²
Reconciliation of reportable segment revenues (USD million)		
Total revenues for reportable segments	429	1,953
Transfer pricing agreements and cross divisional revenue share agreements	67	193
Treasury funding	694	(60)
Corporate Functions	(48)	57
Allowance for Credit Losses	(40)	158
CSi group to primary reporting reconciliations ¹	311	27
Net revenues as per Consolidated Statement of Income	1,413	2,328

¹ This is the difference between the monthly board summaries which are prepared on a US GAAP basis and the CSi group financials prepared in accordance with IFRS.

² Prior period numbers have been restated to conform to current period's presentation.

2023 2022²

Reconciliation of reportable segment income before taxes (USD million)

Losses before taxes for reportable segments	(1,567)	(470)
Corporate Functions	(675)	(20)
CSi group to primary reporting reconciliations ¹	506	159
(Loss)/Profit before taxes as per Consolidated Statement of Income	(1,736)	(331)

¹ This is the difference between the monthly board summaries which are prepared on a US GAAP basis and the CSi group financials prepared in accordance with IFRS.

² Prior period numbers have been restated to conform to current period's presentation.

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

CSi group Assets:

Non-current assets, other than financial instruments, deferred tax assets and post-employment benefit assets, consist of property and equipment and intangible assets totalling USD 110 million (2022: USD 854 million).

5 Net Interest income / (expense)

	2023	2022
Net interest income/(expense) (USD million)		
Loans and advances	221	111
Securities purchased under resale agreements and securities borrowing transactions	1,182	836
Cash collateral paid on OTC derivatives transactions	780	364
Interest income on cash and cash equivalents	793	317
Interest income	2,976	1,628
Due to banks	–	(9)
Borrowings	(576)	(150)
Securities sold under repurchase agreements and securities lending transactions	(463)	(529)
Debt in issuance	(734)	(515)
Lease liabilities	(16)	(17)
Cash collateral received on OTC derivatives transactions	(743)	(450)
Interest expense	(2,532)	(1,670)
Net interest income/(expense)	444	(42)
of which		
Interest income on financial assets measured at fair value through profit or loss	781	885
Interest income on financial assets measured at amortised cost	2,195	743
Interest expenses on financial liabilities measured at fair value through profit or loss	(404)	(520)
Interest expenses on financial liabilities measured at amortised cost	(2,128)	(1,150)

6 Commission and Fee Income

	2023	2022
Commission and fee income (USD million)		
Lending business	10	43
Brokerage	52	139
Underwriting	21	56
Other client services	56	187
Total commission and fee income	139	425

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

	2023	2022
Fee income from financial instruments (USD million)		
Commitment fees	4	5
Other services	–	1
Total fee income	4	6

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

7 Revenue from Contracts with Customers

Nature of services

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

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

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

proportionate share of the syndication. As a result, the individual underwriters reflect their proportionate share of underwriting revenue and underwriting costs on a gross basis.

The CSi group also offers brokerage services in its investment banking businesses, including global securities sales, trading and execution and investment research. For the services provided, for example the execution of customer trades in securities or derivatives, CSi group typically earns a brokerage commission when the trade is executed. CSi group generally acts as an agent when buying or selling exchange-traded cash securities, exchange-traded derivatives or centrally cleared OTC derivatives on behalf of customers. The line item 'Transfer pricing arrangement and other services' includes revenues from services provided by CSi to other group companies. Nature of Services provided by CSi to other group companies are similar to that of the services provided to third parties'

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

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

	2023 ²	2022 ²
Type of Services (USD million)		
Lending business ¹	1	17
Other securities business	42	59
Brokerage	10	81
Underwriting	20	56
Transfer pricing arrangement and other services	110	328
Total	183	541

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

² The table above differs from note 6 – Commission and Fee income as it includes only those contracts with customers that are in scope of IFRS 15 – Revenue from contracts with customers.

Contract balances (USD million)	2023	2022
Contract receivables	14	53

The CSi group did not recognise any revenues in the reporting period from performance obligations satisfied in previous periods.

The CSi group recognised a net impairment loss on contract receivables of USD Nil (2022: USD Nil).

Remaining performance obligations

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

8 Allowance for Credit Losses

	2023	2022
Additional/Release of allowance for credit losses (USD million)		
Allowances for credit losses	(94)	(13)
Allowances for off-balance sheet exposure	(1)	(7)
Additional allowance for credit losses	(95)	(20)
Release of allowance for credit losses	24	170
Release of allowance for off-balance sheet exposures	3	8
Release of allowance for credit losses	27	178
(Additional allowance)/Release for credit losses	(68)	158

Further information about Allowance for Credit Losses are presented in Note 29 – Expected Credit Loss Measurement.

9 Net Gains from Financial Assets/Liabilities at Fair Value through Profit or Loss

	2023	2022
Net gains/(losses) from financial assets/liabilities at fair value through profit or loss (USD million)		
Net gains/(losses) from financial assets/liabilities mandatorily measured at fair value through profit or loss	1,710	(911)
Net (losses)/gains from financial liabilities designated at fair value through profit or loss	(914)	2,514
Total net gains from financial assets/liabilities at fair value through profit or loss	796	1,603

	2023	2022
Total net gains/(losses) from trading financial assets/liabilities mandatorily measured at fair value through profit or loss	1,744	(873)

Non-trading financial assets mandatorily measured at fair value through profit or loss (USD million)

Securities purchased under resale agreements and securities borrowing transactions	5	2
Loans and advances	23	3
Other financial assets	(62)	(43)

Total net gains/(losses) from non trading financial assets mandatorily measured at fair value through profit or loss	(34)	(38)
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Total net gains/(losses) from financial assets/liabilities mandatorily measured at fair value through profit or loss	1,710	(911)
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	2023		2022	
	Profit or Loss	OCI	Profit or Loss	OCI

Net gains/(losses) from financial liabilities designated at fair value through profit or loss (USD million)

Securities sold under repurchase agreements and securities lending transactions	2	–	(1)	–
Borrowings	(637)	–	592	–
Debt in issuance	(399)	(23)	1,723	30
Other financial liabilities designated at fair value through profit or loss	120	–	200	–

Total net gains/(losses) from financial liabilities designated at fair value through profit or loss	(914)	(23)	2,514	30
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The previous tables represents revenues on a product basis which are not representative of business results within segments, as segments utilise financial instruments across various product types.

10 Other Revenues

	2023	2022
Other revenues (USD million)		
Transfer pricing arrangements	54	143
Other	48	41
Total other revenues	102	184

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

11 Compensation and Benefits

	2023	2022
Compensation and benefits (USD million)		
Salaries and variable compensation	(551)	(379)
Social security costs	(75)	(76)
Pension costs	(9)	(29)
Other	(7)	(67)
Total compensation and benefits	(642)	(551)

Included in the above table are amounts relating to Directors' remuneration, details of which are disclosed in Note 32 – Related Parties.

The following table gives details about monthly average number of persons employed by CSi group during the year by division. CSi group receives a range of services from related companies, in particular from Credit Suisse Services AG, London Branch. The headcount related to these services is not included in the following numbers.

	2023	2022 ¹
Division		
Front Office	726	1,069
Corporate Functions	1,154	1,355
Total monthly average	1,880	2,424

¹ The disclosure has been restated to give effect to the reorganisation of businesses.

12 General, Administrative and Trading Expenses

	2023	2022
General, administrative and trading expenses (USD million)		
Brokerage charges and clearing house fees	(188)	(426)
Insurance charges	(1)	(5)
Trading expenses	(189)	(431)
Depreciation and amortisation expenses ¹	(250)	(195)
Litigation	(182)	(112)
Auditor's remuneration	(7)	(6)
Professional services	(823)	(786)
Impairment of intangible assets and ROU assets	(531)	(27)
Occupancy Expenses	(250)	(91)
Net overheads allocated to other CS group entities	180	220
Transfer pricing arrangements	(292)	(467)
UK Bank Levy	(6)	(11)
Other	(110)	(155)
General and administrative expenses	(2,271)	(1,630)
Total general, administrative and trading expenses	(2,460)	(2,061)

¹ Depreciation and amortisation expense includes depreciation on leasehold improvements of USD 68 million (2022: USD 28 million) and depreciation on right-of-use assets of USD 57 million in 2023 (2022: USD 10 million).

Increase in impairment expenses of USD 504 million is primarily driven by:

- USD 298 million impairment on Internally Developed Software driven by a reassessment of the useful economic life of the assets following the UBS acquisition of CS group in 2023.
- USD 122 million impairment on leasehold improvements driven by the building exits in Canary Wharf, London.
- USD 81 million impairment on head lease driven by the building exits in Canary Wharf, London.

Also, USD 206 million increase in occupancy expenses driven by accelerated depreciation on leases and leasehold improvements during 2023 on the back of the building exit in Canary Wharf, London.

CSi group incurs expenses on behalf of other CS group companies under common control. These are subsequently recharged to the relevant companies through net overheads allocated to other CS group entities.

The recharges comprise compensation and benefit expenses and general administrative expenses. For further information about litigation expenses, refer to Note 25 – Provisions.

Auditor's remuneration

Auditor's remuneration in relation to the statutory audit amounted to USD 6 million (2022: USD 5 million). The following fees were payable by the CSi group to the auditors, PricewaterhouseCoopers LLP.

CSI Auditor's remuneration (USD '000)	2023	2022
Fees payable to the Bank's auditors for the audit of the Bank's annual financial statements	(5,631)	(4,637)
Audit-related assurance services	(1,084)	(1,190)
Total fees	(6,715)	(5,827)

13 Restructuring Expenses

On 27 October, 2022, the CS group announced certain strategic actions following the comprehensive review conducted by the Board of Directors and the Credit Suisse Group ('CSG') Executive Board. CSi recorded restructuring expenses of USD 47 million in 2023 (2022: USD 47 million). Restructuring expenses include severance expenses, expenses in connection with the acceleration of certain deferred compensation and other personnel related charges. General administrative expenses include

amortisation on internally developed software and other professional expenses

	2023	2022
Restructuring expenses by type (USD million)		
Compensation and benefits-related expenses	(15)	(27)
of which severance	(11)	(12)
of which accelerated deferred compensation	(4)	(15)
General and administrative-related expenses	(32)	(20)
Total Restructuring expenses	(47)	(47)

	Severance expenses	
	2023	2022
Restructuring provision (USD million)		
Balance at beginning of the period/year	12	4
Net additional charges	50	12
Utilisation and foreign exchange fluctuations	(35)	(4)
Balance at end of the period/year	27	12

Liability relating to accelerated deferred compensation, not included in the above table, is included in Share-based compensation liability. For details, refer Note 21 – Other Assets and Other Liabilities.

Amortisation relating to internally developed software, not included in the above table, is included in accumulated depreciation for intangible assets. For details, refer Note 24 – Intangible assets.

14 Income Tax (Expense)/Benefit

Group and Bank	2023	2022
Current and deferred taxes (USD million)		
Current tax		
Current tax benefit for the period ¹	24	17
Adjustments in respect of previous periods	(4)	(3)
Current income tax benefit	20	14
Deferred tax		
Deferred tax expense for the period	(77)	(344)
Adjustments in respect of previous periods	–	2
Effect of changes in tax rate	–	(26)
Deferred income tax (expense)	(77)	(368)
Income tax (expense)	(57)	(354)

¹ Withholding taxes are included within income taxes.

Income tax of USD 18 million (2022: USD 84 million) was credited directly to equity.

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.

The CSi group 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 the CSi group's financial statements for the year ended 31 December 2023. The CSi group's 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.

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.

The income tax expense for the year can be reconciled to the loss per the statement of income as follows:

Reconciliation of taxes computed at the UK statutory rate

Group and Bank	2023	2022
Reconciliation of taxes computed at the UK statutory rate (USD million)		
Loss before tax	(1,736)	(331)
Income tax benefit computed at the statutory rate of 23.52% (2022: 19%)	408	63
(Increase)/decrease in income taxes resulting from:		
Other permanent differences	(25)	(9)
Adjustment for losses attributable to non-UK operations	–	11
Impact of UK bank corporation tax surcharge	(5)	(20)
Non-recoverable foreign taxes including withholding taxes ¹	(13)	(21)
Other movement in unrecognised deferred tax assets	(418)	(122)
Impairment of deferred tax assets following the strategic review	–	(215)
Adjustments to current tax in respect of previous periods	(4)	(3)
Adjustments to deferred tax in respect of previous periods	–	2
Effect on deferred tax resulting from changes to tax rates	–	(26)
Differential in movement in deferred taxes to the statutory tax rate	–	(14)
Income tax (expense)	(57)	(354)

¹ Withholding taxes are included within income taxes.

15 Deferred Taxes

Deferred taxes are calculated on all temporary differences under the liability method using an effective tax rate of 28% (2022: 28%), which includes the impact of the UK banking surcharge. Deferred taxes are calculated on carry forward tax losses using effective tax rates of 25% or 28% (2022: 25% or 28%).

Group and Bank	2023	2022
Deferred tax (USD million)		
Deferred tax assets	97	163
Deferred tax liabilities	(156)	(163)
Net position	(59)	-
Balance at 1 January	-	284
Debit to statement of income for the period	(77)	(344)
Adjustments in respect of previous periods	-	2
Tax impact on Unrealised gain/(loss) on designated financial liabilities relating to credit risk	3	(3)
Tax impact of remeasurement of defined benefit pension plan assets	15	90
Tax Impact on gain on cashflow hedges	-	(3)
Effect of change in tax rate credited to income statement	-	(26)
Balance at 31 December	(59)	-

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

Group and Bank	2023	2022
Components of net deferred tax assets (USD million)		
Employee benefits	-	24
Decelerated tax depreciation	38	120
Other provisions	-	18
Tax losses	59	-
Leases	-	1
Deferred tax assets netted against deferred tax liabilities	(97)	(163)
Balance at 31 December	-	-

Group and Bank	2023	2022
Components of net deferred tax liabilities (USD million)		
Pensions and other post-retirement benefits	(156)	(159)
Derivative financial instrument	-	(4)
Deferred tax liabilities netted against deferred tax assets	97	163
Balance at 31 December	(59)	-

Details of the deferred tax (expense)/benefit in the statement of income:

Group and Bank	2023	2022
Tax effect of temporary differences (USD million)		
Derivative financial instruments	1	(3)
Employee benefits	(24)	(54)
Defined benefit pension assets	(12)	89
Decelerated tax depreciation	(82)	(38)
Other provisions	(18)	(6)
Unpaid interest	-	(79)
Leases	(1)	(1)
Tax losses	59	(276)
Total deferred tax (expense) in the Statement of Income	(77)	(368)

Group and Bank	2023	2022
Income Tax (expense)/benefit recognised in Equity (USD million)		
Unrealised gain/ (loss) on designated financial liabilities relating to credit risk	3	(3)
Re-measurement of defined benefit pension assets	15	90
Gain/(loss) on cash flow hedges	-	(3)
Total Income Tax benefit recognised in Equity	18	84

Following management's evaluation of the deferred tax asset recoverability as at the balance sheet date, deferred tax assets of USD 3,158 million (2022: USD 2,144 million) on net operating losses of USD 12,001 million (2022: USD 8,176 million) and deferred tax assets on temporary difference of USD 222 million (2022: USD 80 million) have not been recognised. If strategies and business plans will significantly deviate in the future from current management assumptions, the current level of deferred tax assets may need to be adjusted if full recovery of the remaining deferred tax asset balance is no longer probable.

The deferred tax asset on net operating losses includes that arising from the transactions with the Archegos Capital Management fund arising in 2021 net of recoveries in 2022. The above amount includes tax losses that have not been included in the tax returns filed by CSi; the quantum of the tax losses available to CSi is subject to agreement with the UK tax authorities. Management have accounted for the tax losses in CSi, and the associated unrecognised deferred tax asset, based on the expected position that this may be wholly allocated to CSi. A change in the quantum of the tax losses upon agreement with the UK tax authorities will not have an impact on the Balance Sheet.

The use of tax losses carried forward by UK banks is restricted to a maximum of 50% of taxable profits (25% for losses incurred prior to 1 April 2015). There is no loss expiry in the United Kingdom.

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

The following table summarises the securities purchased under agreements to resell and securities borrowing transactions, at their respective carrying values:

Group and Bank	2023	2022
Securities purchased under resale agreements and securities borrowing transactions (USD million)		
Securities purchased under resale agreements	641	7,668
Deposits paid for securities borrowed	663	2,859
Total securities purchased under resale agreements and securities borrowing transactions	1,304	10,527

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

Group and Bank	2023	2022
Securities sold under repurchase agreements and securities lending transactions (USD million)		
Securities sold under repurchase agreements	52	86
Deposits received for securities lent	306	2,838
Total securities sold under repurchase agreements and securities lending transactions	358	2,924

Securities borrowed, lent and subject to resale and repurchase agreements are mainly due within one year.

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

Deposits paid for securities borrowed and deposits received for securities lent are recorded at the amount of cash paid or

received. These transactions are typically collateralised by cash or marketable securities. For securities lending transactions, the CSi group receives cash or securities as collateral in an amount generally in excess of the market value of securities lent. The CSi group monitors the market value of securities borrowed and securities lent on a daily basis and additional collateral is obtained as necessary.

For information and details on the balances with related parties, refer Note 32 – Related Parties.

17 Trading Financial Assets and Liabilities Mandatorily at Fair Value through Profit or Loss

	Group		Bank	
	2023	2022	2023	2022
Trading financial assets at fair value through profit or loss (USD million)				
Debt securities	1,841	8,353	1,886	8,248
Equity securities	3,968	9,237	3,968	9,235
Derivative instruments	57,337	90,067	57,337	90,188
Loans	162	312	162	312
Other	1	4	1	4
Trading financial assets at fair value through profit or loss	63,309	107,973	63,354	107,987

Trading financial liabilities at fair value through profit or loss (USD million)				
Short positions	1,957	4,921	1,957	4,921
Derivative instruments	58,562	88,473	58,562	88,737
Other	–	3	–	3
Trading financial liabilities at fair value through profit or loss	60,519	93,397	60,519	93,661

Debt securities primarily consist of corporate bonds and government securities.

Trading financial assets include USD 3,742 million (2022: USD 10,616 million) which are encumbered. The transactions in relation to the encumbered assets are conducted under terms that are usual and customary for securities lent, repurchase agreements or other collateralised borrowings. Refer Note 36 – Financial Instruments and Note 37 – Assets Pledged or assigned for more details. For information and details on the balances with related parties, refer Note 32 – Related Parties.

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

	Group		Bank	
	2023	2022	2023	2022
Non-trading financial assets mandatorily at fair value through profit or loss (USD million)				
Loans and advances	270	1,105	274	700
Securities purchased under resale agreements and securities borrowing transactions	23,910	21,093	23,910	21,093
Other non-trading financial assets mandatorily at fair value through profit or loss ¹	408	633	211	465
Total non-trading financial assets mandatorily at fair value through profit or loss	24,588	22,831	24,395	22,258

¹ This includes balances relating to Failed Purchases USD 385 million (2022: USD 603 million).

For loans mandatorily at fair value through profit or loss, the maximum fair value exposure to credit risk as at 31 December 2023 was USD 270 million (2022: USD 1,105 million). To mitigate this credit risk, securities are held as collateral, and credit default swaps with a notional value of USD 40 million (2022: USD 92 million) have been transacted to transfer this risk into the capital markets.

The fair value movement attributable to counterparty credit on loans designated at fair value through profit or loss is calculated using credit spreads applicable to specific points in time. All other risk variables are held constant and the credit spreads are moved based on current market conditions. During the year ended 31 December 2023, this fair value movement was an increase of USD 2 million (2022: USD 45 million decrease). The cumulative effect at the year-end was an increase of USD 14 million (2022: USD 19 million increase). The corresponding decrease in fair value of the swaps and securities in place to mitigate this risk was USD 4 million (2022: USD 89 million decrease). The cumulative effect at the year-end was a decrease of USD 6 million (2022: USD 86 million decrease).

For securities purchased under resale agreements, the Bank's credit exposure to the counterparties of these trades is mitigated by posted collateral and through subsequent margin calls. Accordingly, the Bank does not enter into hedges to mitigate credit exposure to its counterparties. Also, given that the credit exposure is almost eliminated, the fair value changes attributable to credit risk are insignificant.

For information and details on the balances with related parties, refer Note 32 – Related Parties.

19 Financial Liabilities Designated at Fair Value Through Profit or Loss

	Group		Bank	
	2023	2022	2023	2022
Financial Liabilities designated at fair value through profit or loss (USD million)				
Structured notes and other hybrid instruments	7,073	9,838	6,914	9,558
Commercial Paper	–	558	–	–
Securities sold under repurchase agreement and securities lending transactions	8,000	15,190	8,000	15,191
Other ¹	977	1,583	977	1,583
Total financial liabilities designated at fair value through profit or loss	16,050	27,169	15,891	26,332

¹ This includes balances relating to Failed Sales USD 969 million (2022: USD 1,554 million).

Of the financial liabilities designated at fair value through profit or loss, subordinated debt and repurchase agreements were primarily elected to alleviate an accounting mismatch, while structured notes were mainly elected because they are managed on a fair value basis.

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

The fair value of subordinated debt and structured notes is calculated using a yield curve which reflects CSi group's credit rating in the market. This is achieved by adjusting the relevant yield curve by CSi group's credit spread, dependent on the tier of the debt, at each point in the curve to provide an own credit adjusted valuation.

The carrying amount is USD 2,554 million (2022: USD 4,622 million) lower than the principal amount that

CSi group would be contractually required to pay to the holder of these financial liabilities at maturity. For information and details on the balances with related parties, refer Note 32 – Related Parties.

	2023	2022
Changes in fair value of financial liabilities designated at fair value through profit or loss due to credit risk (USD million)		
Financial liabilities designated at fair value through profit or loss that present the effects of changes in that liability's credit risk in OCI		
Cumulative change in the fair value		
Debt in issuance		
of which structured notes over two years	17	40
Total Cumulative Change	17	40
YTD change in the fair value		
Debt in issuance		
of which structured notes over two years	(23)	30
Total YTD Change	(23)	30

20 Loans and Advances

The following table sets forth details of the domestic (United Kingdom) and foreign portfolios:

Group and Bank	2023	2022
Loans and advances (USD million)		
Loans and advances other than leases	3,187	2,752
Net investment in leases	224	221
Loans and advances	3,411	2,973

Group and Bank	2023	2022
Loans and advances other than leases (USD million)		
Gross loans and advances	3,290	2,774
of which domestic	3,114	2,596
of which foreign	176	178
Net unearned income	(2)	(2)
Allowance for credit losses	(101)	(20)
Loans and advances	3,187	2,752
Gross impaired loans	74	28
of which loans with an individual allowance	74	28

Group and Bank	2023	2022
Loans and advances by geography (USD million)		
Gross loans and advances	3,290	2,774
of which domestic	3,114	2,596
of which foreign	176	178
-Netherlands	64	37
-Luxembourg	55	76
-Others	57	65

Group and Bank (USD million)	2023	2022
Net investment in leases		
Receivable within 1 year	32	28
Receivable between 1 and 2 years	32	29
Receivable between 2 and 3 years	33	29
Receivable between 3 and 4 years	29	29
Receivable between 4 and 5 years	20	26
Receivable after 5 years	119	120
Total lease payments receivable	265	261
Unearned finance income	(41)	(40)
Net investment in leases	224	221

Net investment in leases represents the sublease of certain buildings in the UK. Loans and advances due within one year for the CSi group and Bank, amount to USD 3,057 million (2022: USD 2,503 million). For information and details on the balances with related parties, refer Note 32 – Related Parties.

Reconciliation of the allowance for loan losses by class

The following table sets forth the movements in the allowances for impairment losses on Loans and advances:

	Total
Group and Bank	
Allowance for credit losses (USD million)	
Balance at 1 January 2023	(20)
Additional allowances for credit losses	(85)
Reversal of allowances for credit losses	4
Movement recognised in Consolidated Statement of Income	(81)
Balance at 31 December 2023	(101)
Balance at 1 January 2022	(12)
Additional allowances for credit losses	(10)
Reversal of allowances for credit losses	2
Movement recognised in Consolidated Statement of Income	(8)
Balance at 31 December 2022	(20)

→ Refer Note 29- Expected Credit Loss Measurement for details on ECL.

21 Other Assets and Other Liabilities

Group and Bank	2023	2022
Other Assets (USD million)		
Brokerage receivables		
Due from customers	399	1,144
Due from banks, brokers and dealers	255	687
Interest and fees receivable	378	392
Cash collateral on derivative instruments		
Banks	7,121	6,563
Customers	8,607	11,658
Cash collateral on non-derivative instruments	139	421
Net defined benefit asset ¹	556	567
Others	174	312
Total other assets	17,629	21,744

¹ For more information on net defined benefit asset, refer Note 30 – Retirement Benefit Obligations

Other assets are primarily due within one year with the exception of the net defined benefit asset.

Group	2023	2022
Other Liabilities (USD million)		
Brokerage payables		
Due to customers	119	388
Due to banks, brokers and dealers	126	696
Interest and fees payable	613	942
Cash collateral on derivative instruments		
Banks	6,347	8,767
Customers	1,207	2,793
Cash collateral on non-derivative instruments ²	239	2,497
Share-based compensation liability	37	53
Others ¹	337	539
Total other liabilities	9,025	16,675

¹ Others for Bank is USD 337 million in 2023 and USD 538 million in 2022.

² It includes USD 100 million (2022 USD: 2,050 million) inter-company deposit which is security for a separate guarantee agreement.

Other liabilities are mainly due within one year. Other liabilities include liability towards restructuring cost of USD 27 million during the current year (2022: USD 12 million). Refer Note 13 – Restructuring Expenses.

During the current reporting period there were no defaults or breaches in respect of third party brokerage payables.

Included within Brokerage payables are liabilities identified in respect of client money received from clients, but only where it has been determined that the cash received represents an asset

of the CSi group. The CSi group and Bank held USD 6 million of client money as at 31 December 2023 (2022: USD 49 million), USD 4 million as of 31 December 2023 (2022: USD 5 million) of which was not recorded in the Consolidated Statement of Financial Position as those balances did not represent assets of the CSi group. This cash, when recognised on the balance sheet, is recorded under 'Cash and due from banks', 'Other assets' and 'Other liabilities'.

22 Lease Liabilities

Lease Liabilities

The following table sets forth details of the maturity analysis of contractual lease liabilities:

Group and Bank (USD million)	2023	2022
Maturity of contractual lease liabilities		
Due within 1 year	65	64
Due between 1 and 2 years	65	61
Due between 2 and 3 years	65	61
Due between 3 and 4 years	62	61
Due between 4 and 5 years	46	58
Thereafter	301	318
Total	604	623
Future interest payable	(92)	(94)
Lease liabilities	512	529

CSi group enters into leases for property (land and building).

Variable lease payments that depend on an index or rate are included in the lease payments at lease commencement, as such payments are considered unavoidable. Other variable lease payments are excluded from the lease payments. CSi has entered into 7 lease agreements with variable lease agreements as they provide for greater flexibility for CSi. The amount of exposure to variable lease payments not reflected in the lease liabilities is USD 160 million (2022: USD 177 million) as compared to USD 604 million (2022: USD 623 million) of fixed payments.

Future cash outflows from extension options and termination options that the lessee may be exposed to are not reflected in the lease liabilities. For some leases where CSi group is the lessee, there is an option that permits CSi group to extend or renew the lease (this includes the scenario of not exercising a termination option). Such options are only included in the measurement of lease liabilities and lease assets when it is reasonably certain that CSi group would exercise the option. Cash flows of the extensions options, if exercised would be USD 836 million (2022: USD 796 million); these are not reflected in the discounted

amount of lease liability amount of USD 512 million (2022: USD 529 million) for both CSi group and Bank.

23 Property and Equipment

Group and Bank	2023	2022
Property and equipment (USD million)		
Leasehold improvements	12	230
Equipment	5	18
Right of use assets	10	124
Property and equipment	27	372

Leasehold improvements relate to improvements to land and buildings occupied by the Bank and its fellow subsidiaries for their

own activities. Right-of-use assets are long leasehold for property (land and building).

Group and Bank (USD million)	2023	2022
Right-of-use assets (USD million)		
Balance as of 1 January	124	134
Less :		
Investment in Sub lease	(12)	–
Impairment	(53)	(3)
Lease modification	16	15
Retirement	(8)	(1)
Indexation	–	(11)
Depreciation	(57)	(10)
Balance as of 31 December	10	124

No interest has been capitalised from borrowings within property and equipment (2022: USD Nil).

Group and Bank Property and equipment (USD million)	2023		2022		Total
	Leasehold Improvements	Equipment	Leasehold Improvements	Equipment	
Cost:					
Cost as at 1 January	326	73	399	439	562
Additions	7	–	7	1	17
Disposals	(6)	–	(6)	(111)	(117)
Transfer (out)/in	(1)	(3)	(4)	–	(8)
Impairment	(150)	(5)	(155)	(3)	(3)
Cost as at 31 December	176	65	241	326	399
Accumulated depreciation:					
Accumulated depreciation as at 1 January	(96)	(55)	(151)	(179)	(289)
Charge for the year	(68)	(5)	(73)	(28)	(37)
Disposals	–	–	–	111	170
Transfer (in)/out	–	–	–	–	5
Accumulated depreciation as at 31 December	(164)	(60)	(224)	(96)	(151)
Net book value as at 1 January	230	18	248	260	273
Net book value as at 31 December	12	5	17	230	248

24 Intangible Assets

Group and Bank	2023	2022
Group and Bank Intangible Assets (USD million)	Total	Total
Cost:		
Cost as at 1 January	1,717	1,604
Additions	129	166
Reclassification	(98)	–
Disposals	–	–
Impairment	(751)	(53)
Cost as at 31 December	997	1,717
Accumulated amortisation:		
Accumulated amortisation as at 1 January	(1,235)	(1,109)
Amortisation for the year	(98)	(149)
Impairment	419	23
Accumulated amortisation as at 31 December	(914)	(1,235)
Net book value as at 1 January	482	495
Net book value as at 31 December	83¹	482

The nature of Intangible Assets is Internally Developed Software ('IDS'). The recoverable amount of CSi's intangible assets is estimated based on their value-in-use. Semi-annual impairment assessment was performed in 2023 following the UBS acquisition of CS Group AG, and the carrying amount of certain intangible assets was determined to be higher than their recoverable amount and consequently, impairment of USD 332 million is recognised for the year ended 31 December 2023 (2022: USD 30 million). The impairment of USD 270 million was recognised in IDS and USD 62 million was recognised on work in progress. The value-in-use is calculated based on detailed reviews and specific information regarding the individual projects and their capitalisation. Following the reviews, the economic useful life has been reduced from a maximum of seven years to a range of 2 to 3 years for the IDS portfolio.

¹ Intangible Assets includes Work-in-progress of USD 5 million (2022: USD 132 million) and not subject to amortisation.

25 Provisions

Group and Bank	Property	Litigation	Total
2023			
Provisions (USD million)			
Balance at 1 January 2023	16	29	45
Charges/Additions during the year	151	172	323
Released during the year	–	–	–
Utilised during the year	(4)	(196)	(200)
Balance at 31 December 2023	163	5	168

2022			
Provisions (USD million)			
Balance at 1 January 2022	15	298	313
Charges/Additions during the year	3	128	131
Released during the year	–	(17)	(17)
Utilised during the year	–	(380)	(380)
Revaluation	(2)	–	(2)
Balance at 31 December 2022	16	29	45

Property provision

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

Building	Provision	Utilisation period
5 Canada Square, London	USD 2 million	30 October 2027
5 Canada Square	USD 3 million	31 December 2027
Global Switch	USD 2 million	30 September 2025

Litigation provision

The CSi group accrues litigation provisions in connection with certain judicial, regulatory and arbitration proceedings then reasonably possible losses, additional losses or ranges of loss are more likely than not and can be reliably estimated. The balance of litigation provisions as at 31 December 2023 was USD 5 million (2022: USD 29 million). General Counsel in consultation with the business reviews CS group judicial, regulatory and arbitration proceedings each month to determine the adequacy of its litigation provisions and may increase or release provisions based on management's judgement and the advice of counsel. The anticipated utilisation of these litigation provisions typically ranges from six to eighteen month period, however certain litigation provisions are anticipated to extend beyond this period. Further provisions or releases of litigation provisions may be necessary in the future as developments in such litigation, claims or proceedings warrant. The CSi group has established provisions in line with the above process for all cases but believes that disclosure of the specific facts of such case would violate confidentiality obligations to which CSi group is subject or to prejudice seriously CSi group's management of the matter. The exact timing of outflow of economic benefits cannot be ascertained at 31 December 2023. Other Legal cases are disclosed in the contingent liabilities and other commitments note.

26 Debt In Issuance

	Group		Bank	
	2023	2022	2023	2022
Debt in issuance (USD million)				
Senior debt	8,108	18,306	8,108	18,305
Subordinated debt	–	3	–	3
Total debt in issuance	8,108	18,309	8,108	18,308

Decrease in senior debt during 2023 is mainly due to net repayments of EUR and GBP denominated long-term debt of USD 10,199 million to CS AG, London Branch.

Total debt in issuance is principally comprised of debt issuances managed by Treasury which do not contain derivative features (vanilla debt), which are issued as part of the CSi group's structured activities. Further, these instruments are measured at amortised cost.

Group Category of instrument	Counterparty Name	Currency	2023 (In USD million)	2022 (In USD million)	Interest Rate Type
Senior Debt					
	CS AG, London Branch	EUR	1,107 ¹	8,990 ¹	Variable
	CS AG, London Branch	GBP	–	2,317	Variable
	CS AG, London Branch	USD	4,586	4,586	Variable
	DLJ Group	USD	2,405	2,405	Fixed
	DLJ UK Holding	USD	8	8	Fixed
	ARGENTUM CAPITAL S.A. A/C ARGENTUM CAPITAL SA – SERIES 2022-26	USD	2	–	Variable
Total Senior debt			8,108¹	18,306¹	
Subordinated Bonds					
	Credit Suisse First Boston Finance B.V.	USD	–	3	Variable
Total Subordinated debt			–	3	

¹ For Bank, this number is USD 1,107 million (2022: USD 8,989 million) and the total senior debt is USD 8,108 million (2022: USD 18,305 million).

For information and details on the balances with related parties, refer Note 32 – Related Parties.

Below is the reconciliation of liabilities arising from financing activities.

Debt in issuance (USD million)	Balance as at 1 January	Cash Flows		Non Cash Changes	Balance as at 31 December
		Issuances	Repayments	Transactional FX	
2023					
Group	18,309	8,452	(19,039)	386	8,108
Bank	18,308	8,452	(19,038)	386	8,108
2022					
Group	40,224	646	(20,218)	(2,343)	18,309
Bank	40,224	645	(20,218)	(2,343)	18,308

27 Accumulated Other Comprehensive Income

Group and Bank	Cash flow hedges	Gains/(losses) on designated financial liabilities relating to credit risk	Unrealised Gains/(losses) on Pension Fund	Accumulated other comprehensive income
Accumulated other comprehensive income (USD million)				
Balance at 1 January 2023	(9)	15	(407)	(401)
(Increase)/decrease:				
Unrealised loss on designated financial liabilities relating to credit risk	–	(23)	–	(23)
Related tax on unrealised gain/ (loss) on designated financial liabilities relating to credit risk	–	3	–	3
Cash flow hedges – effective portion of changes in fair value	12	–	–	12
Remeasurement of defined benefit pension assets	–	–	(56)	(56)
Related tax on remeasurement of defined benefit pension assets	–	–	16	16
Balance at 31 December 2023	3	(5)	(447)	(449)
Balance at 1 January 2022				
Balance at 1 January 2022	(9)	(12)	(139)	(160)
(Increase)/decrease:				
Realised gain relating to credit risk on designated financial liabilities extinguished during year reclassified to retained earnings	–	(1)	–	(1)
Unrealised gain on designated financial liabilities relating to credit risk	–	31	–	31
Related tax on unrealised gain/ (loss) on designated financial liabilities relating to credit risk	–	(3)	–	(3)
Cash flow hedges – effective portion of changes in fair value	3	–	–	3
Related tax on cash flow hedges – effective portion of changes in fair value	(3)	–	–	(3)
Remeasurement of defined benefit pension assets	–	–	(358)	(358)
Related tax on remeasurement of defined benefit pension assets	–	–	90	90
Balance at 31 December 2022	(9)	15	(407)	(401)

28 Share Capital and Share Premium

Group and Bank	2023	2022
Share Capital		
Allotted called-up and fully paid (USD million)		
Total allotted called-up and fully paid capital as at 1 January 2023		
131,158,070,611 Ordinary shares of USD 0.08666 each	11,366	11,366
26 September 2023:		
Capital reduction of Ordinary shares (131,158,070,611 of USD 0.03125 each)	(4,099)	–
Total allotted called-up and fully paid capital as at 31 December 2023		
131,158,070,611 Ordinary shares of USD 0.05541 each	7,267	11,366
Capital Contribution		
Capital Contribution	887	887

The ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) rights.

The Bank is a private unlimited company having share capital.

During the year, in order to create additional distributable reserves, the Board resolved to reduce the share capital by USD 4,099 million from USD 11,366 million to USD 7,267 million by reducing the nominal value of the shares by USD 0.03125 on each issued fully paid-up ordinary share of USD 0.08666 each.

This reduced the nominal value of each issued fully paid-up ordinary Share from USD 0.08666 to USD 0.05541.

A dividend of USD 1,100 million was paid during the year on the outstanding shares at USD 0.0084 per share.

During 2022, the Board decided as a result of the Q4 2021 Internal Capital Adequacy Assessment Process ('ICAAP'), approved by the CSi Board in April 2022, capital requirements in CSi increased resulting in the need to issue additional capital. CSi received PRA approval and issued a USD 1,200 million AT1 instrument in Q4 2022.

The capital contribution recorded in CSi relates to transfer of UK pension plan from CSS(E)L to CSi in 2019. There has been no change to capital contribution in 2023.

29 Expected Credit Loss Measurement

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument as well as reconciliations of the gross carrying amounts.

Group and Bank	Not credit impaired				Credit impaired		Total	Total
	12 Month ECL Stage 1		Lifetime ECL Stage 2		Lifetime ECL (excluding purchased / originated credit impaired) Stage 3			
	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL		
2023								
Loans and advances (USD million)								
Opening balance	2,717	4	29	1	28	15	2,774	20
Transfer to 12 Month ECL	4	1	(4)	(1)	-	-	-	-
Transfer to lifetime ECL not credit impaired	(68)	-	68	(1)	-	-	-	(1)
Transfer to lifetime ECL credit impaired financial assets	(53)	-	-	-	53	51	-	51
Net remeasurement of loss allowance	-	-	-	31	-	-	-	31
New financial assets originated or purchased	548	1	62	-	2	-	612	1
Financial assets that have been derecognised (including write-offs)	(77)	(2)	(10)	-	(9)	-	(96)	(2)
Changes in Model/ Risk parameters (model inputs) used for ECL calculation	-	-	-	-	-	1	-	1
Other changes	-	-	-	-	-	-	-	-
Foreign exchange	-	-	-	-	-	-	-	-
Closing balance	3,071	4	145	30	74	67	3,290	101
2022								
Loans and advances (USD million)								
Opening balance	2,682	4	29	-	14	8	2,725	12
Transfer to 12 Month ECL	-	-	-	-	-	-	-	-
Transfer to lifetime ECL not credit impaired	(4)	(1)	10	1	(6)	-	-	-
Transfer to lifetime ECL credit impaired financial assets	(5)	-	(7)	-	12	-	-	-
Net remeasurement of loss allowance	-	-	-	-	-	-	-	-
New financial assets originated or purchased	117	3	-	-	8	7	125	10
Financial assets that have been derecognised (including write-offs)	(73)	(2)	(3)	-	-	-	(76)	(2)
Other changes	-	-	-	-	-	-	-	-
Foreign exchange	-	-	-	-	-	-	-	-
Closing balance	2,717	4	29	1	28	15	2,774	20

Group and Bank	Not credit impaired				Credit impaired		Total	Total
	12 Month ECL Stage 1		Lifetime ECL Stage 2		Lifetime ECL (excluding purchased / originated credit impaired) Stage 3			
	Gross commitment amount	Allowance for ECL	Gross commitment amount	Allowance for ECL	Gross commitment amount	Allowance for ECL		
2023								
Loan commitments (USD million)								
Opening balance	985	2	186	1	-	-	1,171	3
Transfer to 12 Month ECL	180	1	(180)	(1)	-	-	-	-
Transfer to lifetime ECL not credit impaired	(2)	-	2	-	-	-	-	-
Transfer to Lifetime ECL Credit Impaired	-	-	-	-	-	-	-	-
Financial Liabilities	-	-	-	-	-	-	-	-
Net remeasurement of Loss Allowance	-	-	-	-	-	-	-	-
New financial liabilities originated or purchased	70	-	-	-	-	-	70	-
Financial liabilities that have been derecognised (including write-offs)	(758)	(2)	(6)	-	-	-	(764)	(2)
Other changes	-	-	-	-	-	-	-	-
Foreign exchange	-	-	-	-	-	-	-	-
Closing balance	475	1	2	-	-	-	477	1
2022								
Loan commitments (USD million)								
Opening balance	1,192	3	116	-	4	2	1,312	5
Transfer to 12 Month ECL	-	-	-	-	-	-	-	-
Transfer to lifetime ECL not credit impaired	(48)	-	52	2	(4)	(2)	-	-
Transfer to Lifetime ECL Credit Impaired Financial Liabilities	-	-	-	-	-	-	-	-
Net remeasurement of Loss Allowance	-	-	-	-	-	-	-	-
New financial liabilities originated or purchased	37	-	27	1	-	-	64	1
Financial liabilities that have been derecognised (including write-offs)	(196)	(1)	(9)	(2)	-	-	(205)	(3)
Other changes	-	-	-	-	-	-	-	-
Foreign exchange	-	-	-	-	-	-	-	-
Closing balance	985	2	186	1	-	-	1,171	3

Other changes mainly constitute movements in existing commitments.

	2023	2022
Interest bearing deposits (USD million)		
Opening balance	1	-
Net remeasurement of loss allowance	(1)	1
Closing balance	-	1

Group and Bank	2023	2022
Other assets- Stage 3 (USD million)		
Opening balance	4,374	4,540
Net remeasurement of loss allowance	(4,374)	(166)
Foreign exchange	-	-
Closing balance	-	4,374

Group and Bank	2023	2022
Cash and due from banks- Stage 3 (USD million)		
Opening balance	-	-
Net remeasurement of loss allowance	10 ¹	-
Foreign exchange	-	-
Closing balance	10	-

¹ The allowance relates to nostro balances with sanctioned counterparties.

No material ECL have been recognised on Securities purchased under resale agreements and securities borrowing transactions and Others assets (stage 1).

The changes in the in ECL estimation techniques and assumptions made during the reporting period did not have a significant impact to the ECL estimate.

The key inputs into the measurement of ECLs (Stage 1 and Stage 2) are the term structures of the following variables:

- Probability of Default ('PD');
- Loss given default ('LGD'); and
- Exposure at default ('EAD').

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

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

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

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

Where a relationship to macroeconomic indicators is statistically sound and in line with economic expectations, the parameters are modelled accordingly and, thus, incorporate the CSi group's forward-looking forecasts.

As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not

significantly increased, the CSi group measures ECLs considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the CSi group considers a longer period. The maximum contractual period extends to the date at which the CSi group has the right to require repayment of an advance or terminate a loan commitment or guarantee.

Macroeconomic scenarios

The estimation and application of forward-looking information requires a combination of expert judgement and quantitative analysis. Since the acquisition by UBS, this estimation process and related analysis and procedures are embedded in a group-wide process. As part of this group-wide process, CSi has aligned its scenarios, scenario weightings and model inputs to those used by UBS. As of December 31, 2023, CSi's estimation of expected credit losses is based on a discounted probability-weighted estimate that considers future macroeconomic scenarios: a baseline scenario, a mild downside scenario (mild debt crisis) and a severe downside scenario (stagflationary geopolitical crisis). The baseline scenario represents the most likely outcome. The other scenarios represent more pessimistic outcomes. The scenarios are probability-weighted according to CSi's best estimate of their relative likelihood based on historical frequency, an assessment of the current business and credit cycles as well as the macroeconomic factor trends.

As at 31 December 2023 Macroeconomic Factors (MEF)	Function- Corporates/ Financial Institutions	ECL Scenario	Assigned Probabili- ties %	Latest data ¹		End Period Projections				Impact on ECL from an increase in MEF
				December 23	2024	2025	2026	2027	2028	
				%	%	%	%	%	%	
Eurozone Real GDP Growth Rate (%YoY) ↓										
	Both	Downside	15	-0.8	-1.1	0.5	1.7	1.5	1.1	
	Both	Baseline	60	0.0	0.9	1.1	1.1	1.1	1.1	
	Both	Severe Downside	25	-2.4	-3.8	-0.5	1.1	1.2	1.1	
US Real GDP (%YoY) ↓										
	Global Corporates	Downside	15	1.7	-1.0	0.8	1.9	1.9	1.8	
	Global Corporates	Baseline	60	2.0	1.0	2.5	1.8	1.8	1.8	
	Global Corporates	Severe Downside	25	0.4	-3.5	-0.4	1.8	1.9	1.8	
US Nominal GDP (%YoY) ↓										
	Fallback IB	Downside	15	3.9	-1.1	1.8	3.9	3.9	3.8	
	Fallback IB	Baseline	60	6.6	2.4	4.2	3.8	3.8	3.8	
	Fallback IB	Severe Downside	25	6.5	3.3	2.3	3.9	3.9	3.8	
iTraxx Crossover 3Y (Basis points) ↑										
	Global Corporates	Downside	15	461.4	676.2	619.8	482.0	405.2	328.3	
	Global Corporates	Baseline	60	364.1	388.3	388.3	384.5	353.5	322.6	
	Global Corporates	Severe Downside	25	559.6	1,034.5	1,000.8	860.7	605.7	350.6	
CDX HY (Basis points) ↑										
	Global Corporates	Downside	15	540.3	791.9	725.9	562.7	459.1	355.5	
	Global Corporates	Baseline	60	388.3	402.9	405.1	401.8	373.9	346.0	
	Global Corporates	Severe Downside	25	655.3	1,211.9	1,172.4	1,006.5	694.1	381.6	
iTraxx Senior Financial 5Y (Basis points) ↑										
	Financial Institutions	Downside	15	130.4	167.6	147.8	120.6	101.5	82.4	
	Financial Institutions	Baseline	60	81.3	87.5	89.2	89.0	84.7	80.5	
	Financial Institutions	Severe Downside	25	144.8	246.3	210.5	197.8	142.3	86.9	

¹ Latest estimates have been used for the MEFs used for 4Q23 ECL valuation

As at 31 December 2022 EMEA Macroeconomic Factors (MEF)	Function- Corporates/ Financial Institutions	ECL Scenario	Assigned Probabili- ties %	Latest data ¹		End Period Projections				Impact on ECL from an increase in MEF
				December 22	2023	2024	2025	2026	2027	
				%	%	%	%	%	%	
Eurozone Real GDP Growth Rate (%YoY) ↓										
	Both	Downside	40	0.7	-2.1	0.4	1.3	1.4	1.4	
	Both	Baseline	50	0.8	0.7	1.6	1.6	1.4	1.4	
	Both	Upside	10	1.1	1.4	1.7	1.6	1.4	1.4	
G10 Real GDP Growth Rate (%YoY) ↓										
	Corporates	Downside	40	2.0	-1.5	0.5	1.1	1.4	1.4	
	Corporates	Baseline	50	2.4	0.4	1.5	1.7	1.5	1.4	
	Corporates	Upside	10	3.3	0.9	1.9	2.0	1.6	1.4	
Eurostoxx 50 Market Volatility Index (V2X Qmax, levels) ↑										
	Financial Institutions	Downside	40	40.0	45.8	32.5	27.9	27.3	26.7	
	Financial Institutions	Baseline	50	35.0	29.0	28.4	27.9	27.3	26.7	
	Financial Institutions	Upside	10	33.6	23.5	24.5	27.9	27.3	26.7	

¹ Latest estimates have been used for the MEFs used for 4Q22 ECL valuation

As at 31 December 2022 NORTH AMERICA Macroeconomic Factors (MEF)	Function- Corporates/ Financial Institutions	ECL Scenario	Assigned Probabili- ties	Latest data ¹						Impact on ECL from an increase in MEF
				End Period Projections		December 22 %	2023 %	2024 %	2025 %	
US Unemployment Rate (%) ↑										
	Both	Downside	40	3.9	5.6	4.8	4.6	4.3	4.1	
	Both	Baseline	50	3.5	3.7	4.4	4.2	4.1	4.0	
	Both	Upside	10	3.4	2.9	3.6	4.0	4.1	4.0	
US Real GDP Growth Rate (%YoY) ↓										
	Corporates	Downside	40	-0.1	-2.0	1.1	1.1	1.6	1.5	
	Corporates	Baseline	50	0.3	0.8	2.1	1.6	1.6	1.5	
	Corporates	Upside	10	0.5	1.0	2.6	1.9	1.7	1.5	
World Industrial Production (%YoY) ↓										
	Corporates	Downside	40	1.2	-6.4	0.9	1.4	1.7	1.8	
	Corporates	Baseline	50	2.5	1.6	1.8	1.8	1.8	1.8	
	Corporates	Upside	10	4.2	3.6	4.0	2.8	1.9	1.8	
Dow Jones Total Stock Market Index (levels) ↓										
	Financial Institutions	Downside	40	37,000	28,087	36,610	43,378	44,880	46,383	
	Financial Institutions	Baseline	50	41,226	40,380	41,878	43,378	44,880	46,383	
	Financial Institutions	Upside	10	41,383	44,090	43,469	43,378	44,880	46,383	
US Market Volatility Index (VIX Qmax, levels) ↑										
	Financial Institutions	Downside	40	40.0	44.5	31.3	26.5	25.8	25.0	
	Financial Institutions	Baseline	50	35.0	28.0	27.3	26.5	25.8	25.0	
	Financial Institutions	Upside	10	33.6	23.5	23.8	26.5	25.8	25.0	

¹ Latest estimates have been used for the MEFs used for 4Q22 ECL valuation

Current-period estimate of expected credit losses

The key MEFs used in each of the macroeconomic scenarios for the calculation of the expected credit losses include, but are not limited to, GDP growth rates. These MEFs are used in the portfolio- and region-specific ECL models and have been selected based on statistical criteria and expert judgement to explain expected credit losses. The above table includes CSi's forecast of selected MEFs estimated as of December 31, 2023. The comparative information includes the forecast of MEFs selected and estimated as of December 31, 2022.

To measure a significant increase in credit risk, depending on the type of financial instruments, the CSi group uses both quantitative and qualitative criteria. For quantitative triggers, the CSi group makes a comparison based on the PD for the remaining lifetime of the financial instrument. For each reporting date within the lifetime of the financial instrument, the PD for the remaining lifetime is calculated twice, once at initial recognition of the exposure and once at the reporting date itself. At the initial recognition, a time series of PDs is calculated that reflects the lifetime PD between each future reporting date and the maturity of the loan. At each reporting date, the corresponding value in this time series is used for comparison. The second lifetime PD that is used for the comparison is calculated at the reporting date itself, based on potentially updated information such as rating and

changed macro-economic forecasts. If the lifetime PD calculated at the reporting date is higher than what was expected at initial recognition of the loan, then the credit risk increased. This increase is considered significant if the ratio between lifetime PD calculated at reporting and expected lifetime PD calculated at initial recognition exceeds the defined thresholds. For qualitative triggers, the CSi group uses a number of factors, including watch list movements.

For financial instruments originated prior to the effective date of IFRS 9 or prior implementation of the PD model that is used at reporting, the origination PD does not include any further adjustments to reflect expectations of future macroeconomic conditions since these are not available without the use of hindsight. The quantitative comparison is based on a number of grade notches deterioration to identify significant increase in credit risk.

In terms of the quantitative trigger for new originated financial instruments, the CSi group compared:

- the remaining lifetime PD at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated on initial recognition of the exposure.

If the difference between the two is a multiple according to the internal threshold, there is a significant increase in credit risk.

30 Retirement Benefit Obligations

The Bank operates a defined benefit pension plan ('UK DB Plan') in the UK, which is part of the Credit Suisse Group (UK) Pension Fund ('UK Pension Fund'). The UK DB Plan is a funded, final salary pension plan. The Plan is closed to future defined benefit accrual however past service benefits for active members are still linked to pensionable salary. The UK Pension Fund is set up as a single trust, which includes an active defined contribution section ('UK DC Plus plan').

The assets of the UK Pension Fund are held independently of the Bank's assets in separate trustee administered funds. Responsibility for governance and running of the UK Pension fund, including investment decisions (after consultation with the Bank) and contribution schedules (which requires the agreement of the Bank) lies with the board of trustees of the UK Pension Fund.

Approximately 2% of the UK DB Plan's obligations are attributable to current employees, 65% to former employees yet to retire and 33% to current pensioners and dependents of former members currently in receipt of benefits. The weighted average duration of the UK DB Plan is 16 years.

The Bank does not contribute to any other pension or post-retirement defined benefit plans.

Accounting for Defined Benefit Plans

The Bank is the legal sponsor of the UK DB Plan and has no contractual agreement or stated policy for charging the net defined benefit cost to the other participating entities. Therefore, as the legal sponsor, the Bank accounts for the entire plan using defined benefit accounting based on a full actuarial valuation completed by independent actuaries once a year using the projected unit credit method and updated for each Consolidated Statement of Financial Position date.

The following disclosures contain the entire balances for UK DB Plan sponsored by the Bank.

Defined Benefit Costs

All expenses arising from retirement benefit obligations are recorded in the Bank's Consolidated Statement of Income under 'Compensation and benefits'. The following tables show the defined benefit (credits)/costs for the UK DB Plan for 2023 and 2022.

Group and Bank	UK DB Plan	
	2023	2022
Defined benefit pension plans (USD million)		
Operating Cost		
Current service costs on benefit obligation	2	1
Past service costs (including curtailments)	–	4
Administrative expense	2	2
Financing Cost		
Net Interest credits	(29)	(16)
Defined benefit costs/(credits)	(25)	(9)

Defined Benefit Obligation and Fair Value of Plan Assets

The following table shows the changes in the defined benefit obligation and the fair value of plan assets during 2023 and 2022:

Group and Bank	UK DB Plan	
	2023	2022
Defined benefit pension plans (USD million)		
Defined benefit obligation – 1 January	1,008	1,904
Current service cost	2	1
Interest cost	50	30
Actuarial gains on assumptions	(25)	(734)
arising out of changes in demographic assumptions	(12)	(1)
arising out of changes in financial assumptions	(13)	(733)
Actuarial (gains)/losses – experience	25	40
Benefit payments	(30)	(33)
Past service costs (including curtailments)	–	4
Exchange rate gains/(losses)	57	(204)
Defined benefit obligation – 31 December	1,087	1,008
Fair value of plan assets – 1 January	1,575	2,928
Interest on plan assets	79	46
Actuarial losses on plan assets	(56)	(1,052)
Actual return on plan assets	23	(1,006)
Employer contributions	(11)	–
Administrative expense	(2)	(2)
Benefit payments	(30)	(33)
Exchange rate gains/(losses)	88	(312)
Fair value of plan assets – 31 December	1,643	1,575
Total funded status – 31 December		
Plan assets	1,643	1,575
Defined benefit obligation related to funded plans	(1,087)	(1,008)
Funded status for funded plans	556	567
Funded status recognised – 31 December	556	567

As of 31 December 2023, the Bank recognised net pension asset of USD 556 million (2022: USD 567 million) in its Consolidated Statement of Financial Position for the UK DB Plan.

The trustees of the UK DB plan do not have the unilateral right to commence wind-up of the scheme. Thus, the Bank assumes that the scheme continues in existence until the last benefit payments are made to members, at which point any residual assets are returned to the employer in line with the rules of the scheme. On this basis, the Bank recognises the net surplus in the UK DB plan in the Bank's financial statements.

For the year ending 31 December 2023, a remeasurement loss of USD 56 million was recognised by the Bank in OCI for the UK DB Plan mainly due to losses on the asset portfolio. For the year ending 31 December 2022, a remeasurement loss of USD 358 million was recognised by the Bank in OCI for the UK DB Plan mainly due to USD 1,052 million losses on the asset portfolio which were partially offset by USD 694 million gains on benefit obligation due to changes in financial and demographic assumptions, primarily the discount rate and inflation.

Benefit payments include USD 4 million (2022: USD 8 million) of transfers where deferred members have initiated on an individual basis to transfer their pension to another pension scheme.

Funding requirements

UK legislation requires that pension schemes are funded prudently. The latest funding valuation of the UK DB Plan was carried out by a qualified actuary as at 31 December 2020 and showed a surplus of USD 550 million. The next funding valuation will be measured as at 31 December 2023, and it is expected to be finalised by 31 March 2025.

Assumptions

The assumptions used in the measurement of the benefit obligation and defined benefit cost for the UK DB Plan as at 31 December 2023 and 2022 were as follows:

Group and Bank	2023	2022
Benefit obligation (%)		
Discount rate	4.80%	4.78%
Retail Price Inflation	3.02%	3.22%
Consumer Price Inflation	2.40%	2.43%
Pension increases ¹	2.81%	2.98%
Salary increases	3.65%	3.68%
Defined benefit cost (%)		
Discount rate – Service cost	5.13%	1.82%
Discount rate – Interest cost	5.18%	1.75%
Salary increases	3.68%	3.81%

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

A full yield curve valuation was carried out to determine the Defined Benefit Obligation ('DBO'). The above assumptions are the equivalent flat-rate assumptions that would result in the same DBO being calculated.

For discounting expected future cash flows, Credit Suisse uses the "spot rate approach" for the valuation of the UK DB Plan, whereby individual spot rates on the yield curve are applied to each year's cash flow in measuring the plan's benefit obligation as well as future service costs.

Mortality Assumptions

The assumptions for life expectancy for the 2023 UK DB benefit obligation pursuant to IAS 19 are based on the "SAPS 3 light" base table with improvements in mortality in line with the 2022 CMI model with S=7.0, A=0.5 and a scaling factor of 102% (109% for contingent lives of current female members). Underpins to future mortality improvement have also been incorporated, the annual long term rate of improvement being 1.25% p.a.

On this basis the post-retirement mortality assumptions are as follows:

	2023	2022
Life expectancy at age 60 for current pensioners aged 60 (years)		
Males	27.8	28.3
Females	29.6	30.0
Life expectancy at age 60 for future pensioners currently aged 40 (years)		
Males	29.3	29.8
Females	31.0	31.4

Sensitivity Analysis

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

	Defined Benefit Obligation (USD million)	Increase %	Defined Benefit Obligation (USD million)	Decrease %
Defined Benefit obligation				
2023				
One-percentage point change				
- 1% / +1% Discount rate	1,277	17	937	(14)
+1% / -1% Inflation rate	1,186	9	999	(8)
+1% / -1% Salary increases rate	1,088	-	1,087	-
+1 / -1 year to life expectancy at 60	1,117	3	1,057	(3)
2022				
One-percentage point change				
- 1% / +1% Discount rate	1,197	19	860	(15)
+1% / -1% Inflation rate	1,107	10	920	(9)
+1% / -1% Salary increases rate	1,010	-	1,007	-
+1 / -1 year to life expectancy at 60	1,035	3	981	(3)

The sensitivity analysis has been derived from the full valuation run that have been carried out using the data used for calculating the 31 December 2023 defined benefit obligation. The sensitivity analysis focuses on changes to the obligation. For the sensitivities to discount rate and inflation rates the impact on the UK funded status will most likely be lower to the impact on the benefit obligation, as a result of the assets being partially matched to the obligations.

The methodology used to calculate the sensitivities is consistent with previous years.

Plan Assets and Investment Strategy

The trustees in administration of the UK DB Plan aim to minimise risk subject to adopting an investment strategy that has a reasonable expectation of achieving a certain level of return by investing in a range of asset classes of appropriate liquidity and security which will generate income and capital growth to meet, the cost of benefits. Risk tolerance is established through careful consideration of plan liabilities, plan funding status and financial market condition.

The UK DB Plan has a hedging target of slightly higher than 107% of interest rate and inflation risk arising from the Technical Provisions measure of the liabilities. Guidelines have been put in place for the hedging portfolio to limit the risk between it and the basis on which the Technical Provisions measure of the liabilities is calculated.

Other assets such as corporate bonds are used to enhance long term returns while improving portfolio diversification.

Investment risk is monitored and measured on an ongoing basis with quarterly investment and funding reports together with periodic asset/liability analysis and reviews of the inflation and interest rate hedge.

Plan assets measured at fair value

	Quoted	Un-quoted	Total	% of total fair value of scheme assets
Plan assets measured at fair value (USD million)				
2023				
Cash and cash equivalents	–	262	262	15.9%
Debt Securities	1,393	–	1,393	84.8%
of which governments	1,159	–	1,159	70.5%
of which corporates	234	–	234	14.2%
Derivatives	–	(12)	(12)	(0.7)%
Total plan assets UK Plans	1,393	250	1,643	100.0%
2022				
Cash and cash equivalents	–	110	110	7.0%
Debt Securities	1,529	–	1,529	97.1%
of which governments	1,307	–	1,307	83.0%
of which corporates	222	–	222	14.1%
Derivatives	–	(64)	(64)	(4.1)%
Total plan assets UK Plans	1,529	46	1,575	100.0%

At 31 December 2023 and 2022, the pension fund plan assets held no material amounts of the UBS Group debt and equity securities.

Risks Associated with UK DB Plan

The UK DB Plan exposes the Bank to a number of risks, the most significant of which are:

Asset volatility

The liabilities are calculated using a discount rate set with reference to corporate bond yields; if assets underperform this yield, this will reduce the surplus. The fund has minimal growth assets, therefore asset volatility is mainly in respect of the hedging assets.

Changes in bond yields

A decrease in corporate bond yields will increase the value placed on the UK DB Plan's liabilities for accounting purposes, although this will be partially offset by an increase in the value of the bond holdings. The plan hedges interest rate risk, so whilst it might be expected that the hedge increases in value if bond yields decrease, the plan is exposed due to the fact that the hedge does not mitigate decreases in credit spreads used to generate the discount rate for accounting purposes.

Inflation Risk

A significant proportion of the UK DB Plan's benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation).

An increase in inflation will also decrease the surplus to the extent that the inflation hedges do not match the effect of inflation increases on the benefit obligations – the current hedging is designed to minimise this risk relative to the funded level of the technical provisions basis.

Life expectancy

The majority of the UK DB Plan's obligations are to provide benefits for the life of the member, therefore increases in life expectancy will result in an increase in the liabilities.

Expected Contributions

No contributions are expected to be paid to the UK DB plan in 2024. The Trustees of the UK Pension Fund have agreed with the Bank to meet the cost of the active member's contributions into the UK DC Plus plan from the pension assets of the UK DB plan, with effect from 1 February 2023. This agreement is due to end in July 2024 and would be subject to renegotiation. The annual expected contributions paid from the UK DB plan to the UK DC Plus plan is USD 11 million.

Defined Contribution Pension Plans

The Bank also contributes to various defined contribution pensions primarily in the UK. The contributions in these plans during 2023 were USD 34 million (2022: USD 39 million).

31 Employee Share-based Compensation and Other Compensation Benefits

Share-based compensation benefits

Prior to the acquisition of Credit Suisse Group AG by UBS Group AG, the Company granted shares in its ultimate parent to certain employees. Following the acquisition, any outstanding shares were converted to UBS Group AG shares at the ratio of 1 UBS share for every 22.48 Credit Suisse Group AG shares held. The expense for share-based payments is determined by treating each tranche as a separate grant of share awards and is accrued over the vesting period for each tranche, unless the employee is eligible for early retirement or retirement before the end of the vesting period, in which case recognition of the expense would be accelerated over the shorter period.

For share awards granted following the date of acquisition, the grantor is UBS Group. The Company is invoiced over the requisite service period for the grant price of awards relating to employees of the Company. 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.

Employee Share-based Compensation and Other Compensation Benefits

Payment of deferred compensation to employees is determined by the nature of the business, role, location and performance of the employee. Unless there is a contractual obligation, granting deferred compensation is solely at the discretion of the Compensation Committee and senior management. Special deferred compensation granted as part of a contractual obligation is typically used to compensate new senior employees for forfeited awards from previous employers upon joining the Company. It is the Company's policy not to make multi-year guarantees. Compensation expense for share-based and other awards that were granted as deferred compensation is recognised in accordance with the specific terms and conditions of each respective award and is primarily recognised over the future requisite service and vesting period, 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 USD 38 million and USD (116 million) respectively. The total stock award liability recorded as at 31 December 2023 was USD 87 million (2022: USD 55 million). The fair value used to calculate the stock award liability was the closing UBS Group AG 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 18.43 after adjusting for the conversion of outstanding CSG shares to UBS shares post-acquisition (CSG 2022: CHF 7.30). The intrinsic value of vested share-based awards outstanding as at year end was USD 16 million (2022: USD 33 million).

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 AG 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 AG 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 AG 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.

Movements in the number of share outstanding were as follows:

Group and Bank	2023	2022
Number of units (millions)		
As at 1 January	15.49	14.07
Granted	24.59	8.93
Shares transferred in/out	(0.15)	0.16
Delivered	(4.48)	(6.71)
Forfeited	(1.26)	(0.96)
Conversion to UBS Shares	(33.09)	–
As at 31 December	1.10	15.49

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 AG 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.

Group and Bank	2023	2022
Number of units (millions)		
As at 1 January	8.72	13.48
Granted	(0.44) ¹	(0.46) ¹
Shares transferred in/out	0.02	0.24
Delivered	(2.86)	(3.43)
Forfeited	(0.68)	(1.11)
Conversion to UBS shares	(4.58)	–
As at 31 December	0.18	8.72

¹ Includes downward adjustment applied to outstanding performance share awards.

Strategic 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. 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.

Group and Bank	2023	2022
SDP Stock Awards (millions)		
As at 1 January	6.04	–
Granted	(0.37)	6.68
Share transferred in/out	0.02	0.02
Delivered	–	–
Forfeited	(0.29)	(0.66)
Conversion to UBS share	(5.18)	–
As at 31 December	0.22	6.04

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 AG 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:

Group and Bank	2023	2022
Transformation Phantom Share awards (millions)		
As at 1 January	-	-
Granted	5.55	-
Share transferred in/out	-	-
Delivered	-	-
Forfeited	(0.02)	-
Conversion to UBS share	(5.31)	-
As at 31 December	0.22	-

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.

Total compensation (income)/expense recognised for CCAs during the year ended 31 December 2023 was USD (49.1 million) (2022: USD (0.8 million)). This included the cancellation of the prior year CCA following the decision by the Swiss Federal Council.

Deferred fixed cash awards

Deferred fixed cash compensation was granted during 2023, 2022 and 2021 to certain employees. This compensation has been expensed over one to three year vesting period from the grant date.

Total compensation expense recognised for deferred fixed cash awards during the year ended 31 December 2023 was USD 12 million (2022: USD Nil).

Upfront Cash Awards

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 31 December 2023 was USD 22 million (2022: USD 46.7 million).

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. 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 31 December 2023 was USD 29 million (2022: USD 3 million).

32 Related Parties

The CSi group is controlled by UBS Group AG, its ultimate parent and also the largest group of undertakings to consolidate these financial statements. The registered office of UBS Group AG is at Bahnhofstrasse 45, 8001 Zurich, Switzerland. The CSi group's parent company, which holds a majority of the voting rights in the undertaking, is CS AG, which is incorporated in Switzerland. UBS Group AG now holds 100% of capital and votes in CS AG, which is incorporated in Switzerland. The registered address of CS AG is Paradeplatz 8, 8070 Zurich, Switzerland.

The CSi group has significant related party balances with subsidiaries and affiliates of UBS Group AG and CS AG, with substantially all balances with CS group entities. These transactions largely comprise of derivative trades, as the Bank is the principal risk taker for derivatives within CS AG, as well as funding trades via use of loans or due to banks, reverse repurchase or repurchase agreements. In addition, the ordinary shares are held by UBS Group AG and subsidiaries of UBS Group AG (i.e., CS AG). The Bank is also charged for operating costs that mainly relate to employee-related services and other business expenses. Further, these transactions also include transfer pricing income/charges with group entities of CS AG that provide services in respect of the global derivatives business which is centrally booked in the Bank. The CSi group generally enters into the above transactions in the ordinary course of business on market terms that could be obtained from unrelated parties.

CS AG, CSi group's immediate parent, is the smallest group of undertakings to prepare consolidated financial statements.

a) Related party assets and liabilities

Group	31 December 2023			31 December 2022		
	Parent ¹	Fellow group companies	Total	Parent ²	Fellow group companies	Total
Assets (USD million)						
Cash and due from banks	2,905	45	2,950	2,898	22	2,920
Interest-bearing deposits with banks	8,319	–	8,319	12,086	–	12,086
Securities purchased under resale agreements and securities borrowing transactions	601	695	1,296	8,447	1,985	10,432
Trading financial assets mandatorily at fair value through profit or loss	19,373	4,334	23,707	25,530	4,909	30,439
Non-trading financial assets mandatorily at fair value through profit or loss	2,426	1,106	3,532	5,524	4,017	9,541
Loans and advances	665	2,504	3,169	167	2,504	2,671
Other assets	218	1,776	1,994	745	1,598	2,343
Total assets	34,507	10,460	44,967	55,397	15,035	70,432
Liabilities and Equity (USD million)						
Due to banks	–	1	1	8	–	8
Securities sold under repurchase agreements and securities lending transactions	42	311	353	1,686	1,160	2,846
Trading financial liabilities mandatorily at fair value through profit or loss	16,768	4,485	21,253	20,534	5,722	26,256
Financial liabilities designated at fair value through profit or loss	7,043	1,801	8,844	9,997	3,352	13,349
Borrowings	12,622	–	12,622	6,025	–	6,025
Debt in issuance	5,693	2,413	8,106	15,892	2,416	18,308
Other liabilities	2,094	617	2,711	6,293	607	6,900
Share capital	7,267	–	7,267	11,366	–	11,366
Other Equity Instrument	1,200	–	1,200	1,200	–	1,200
Total liabilities and equity	52,729	9,628	62,357	73,001	13,257	86,258

¹ The term parent refers to the ultimate parent, UBS Group AG (for 2023) above table includes other liabilities balances with UBS Group AG of Nil (2022: Nil).

² The term parent refers to the immediate parent, Credit Suisse AG and also the ultimate parent CSG. Above table includes other liabilities balances with CSG of USD NIL (2022: USD 135 million)

Bank	31 December 2023				31 December 2022			
	Parent ¹	Fellow group companies	Subsidiaries	Total	Parent ²	Fellow group companies	Subsidiaries	Total
Assets (USD million)								
Cash and due from banks	2,905	45	–	2,950	2,898	22	–	2,920
Interest-bearing deposits with banks	8,319	–	–	8,319	12,086	–	–	12,086
Securities purchased under resale agreements and securities borrowing transactions	601	695	–	1,296	8,446	1,985	–	10,431
Trading financial assets mandatorily at fair value through profit or loss	19,373	4,334	(33)	23,674	25,530	4,909	120	30,559
Non-trading financial assets mandatorily at fair value through profit or loss	2,229	1,106	4	3,339	5,356	4,017	8	9,381
Loans and advances	665	2,504	–	3,169	167	2,504	–	2,671
Other assets	223	1,771	–	1,994	746	1,598	–	2,344
Total assets	34,315	10,455	(29)	44,741	55,229	15,035	128	70,392
Liabilities and Equity (USD million)								
Due to banks	–	1	–	1	8	–	–	8
Securities sold under repurchase agreements and securities lending transactions	43	311	–	354	1,687	1,160	–	2,847
Trading financial liabilities at fair value through profit or loss	16,767	4,485	159	21,411	20,533	5,722	(262)	25,993
Financial liabilities designated at fair value through profit or loss	7,043	1,801	(1)	8,843	9,997	3,352	–	13,349
Borrowings	12,622	–	–	12,622	6,025	–	–	6,025
Debt in issuance	5,693	2,414	–	8,107	15,892	2,417	–	18,309
Other liabilities	2,099	616	–	2,715	6,293	606	–	6,899
Share capital	7,267	–	–	7,267	11,366	–	–	11,366
Other Equity Instrument	1,200	–	–	1,200	1,200	–	–	1,200
Total liabilities and equity	52,734	9,628	158	62,520	73,001	13,257	(262)	85,996

¹ The term parent refers to the ultimate parent, UBS Group AG (for 2023) above table includes other liabilities balances with UBS Group AG of Nil (2022: Nil).

² The term parent refers to the immediate parent, Credit Suisse AG and also the ultimate parent CSG. Above table includes other liabilities balances with CSG of USD NIL (2022:USD 135 million)

Related party off-balance sheet transactions

Group and Bank (USD million)	31 December 2023			31 December 2022		
	Parent	Fellow group companies	Total	Parent	Fellow group companies	Total
Guarantees and Commitments						
Irrevocable loan commitments	–	173	173	–	173	173
Gross Irrevocable Loan commitments	–	173	173	–	173	173
Irrevocable Loan commitments – sub-participation	–	–	–	–	–	–
Net Irrevocable Loan commitments	–	173	173	–	173	173

b) Related party revenues and expenses

Group (USD million)	2023			2022		
	Parent ²	Fellow group companies	Total	Parent ³	Fellow group companies	Total
Interest income	920	709	1,629	519	438	957
Interest expense	(1,599)	(357)	(1,956)	(936)	(210)	(1,146)
Net interest expense	(679)	352	(327)	(417)	228	(189)
Commissions and fees	22	(35)	(13)	35	(47)	(12)
Transfer pricing arrangements	12	41	53	36	107	143
Other revenue	(2)	(32)	(34)	18	–	18
Total non-interest revenues	32	(26)	6	89	60	149
Net operating income	(647)	326	(321)	(328)	288	(40)
Total operating expenses ¹	(585)	(467)	(1,052)	(547)	(688)	(1,235)

¹ Net overheads allocated to other CS group entities of USD 180 million (2022: USD 220 million) are not included in the Total operating expenses.

² Above table includes commission and fees with UBS Group AG of USD Nil (2022: Nil) and operating expenses balances with UBS Group AG of USD 7 million (2022: Nil)

³ Above table includes commission and fees with CSG of USD NIL (2022: USD 60 million) and operating expenses balances with CSG of USD NIL (2022: USD 2 million)

c) Remuneration

Remuneration of Directors

(USD '000)	2023	2022
Emoluments	4,435	5,677
Long term incentive schemes:		
Amounts Paid under Deferred Cash Awards	654	402
Amounts Delivered under Share Based Awards	544	963
Total	5,633	7,042
Compensation for loss of office	950	95
Bank's contributions to defined contribution	56	12
Total	6,639	7,149

Emoluments include amounts paid to or receivable by the Directors. Only vested Cash Retention Awards are included in emoluments. Long term incentive schemes consist of deferred cash awards and share based awards and are only given to Executive Directors. The Non-Executive Directors only receive a fixed fee. Deferred cash awards are included in the period when the amounts vest and are paid, and share based awards are included in the period when the amounts vest and are delivered.

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

The aggregate of emoluments and deferred cash awards paid to or receivable by the highest paid director was USD 2,453,000 (2022: USD 2,373,000). There were no contributions made for defined contribution pension plan in 2023 (2022: USD Nil). There were no contributions made for defined benefit lump sum (2022: USD Nil).

The amounts included in the Companies Act disclosures are on a different basis than the recognition requirements of IFRS 2 and IAS 19 and the disclosure requirements of IAS 24. The aggregate amount of remuneration accrued in the Bank's accounts for directors in accordance with IFRS requirements for 2023 was USD 5,382,000 (2022: USD 25,000).

d) Number of Directors and Benefits

(Number of Directors)	2023	2022
Retirement benefits are accruing to the following number of Directors under:		
Defined contribution schemes	3	2
No scheme	9	8
Directors in respect of whom services were received or receivable under long term incentive scheme	5	4

e) Remuneration of Key Management Personnel

(USD' 000)	2023	2022
Remuneration of Key Management Personnel		
Emoluments	11,717	18,274
Long term incentive schemes	1,874	(11,491)
Total	13,591	6,783
Compensation for loss of office	398	393
Bank's contributions to defined contribution plan	200	158
Total	14,189	7,334

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

Where Key Management Personnel perform services for a number of companies within the CS group, the total remuneration payable to each key management person has been apportioned to the respective entities based on a time spent per company allocation for that key management person.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the CSi group, directly or indirectly, including any director of the CSi group.

Key management personnel include Directors and the members of the CSi Executive Committee.

Shares awarded to Key Management Personnel

	2023 ¹	2022 ¹
Number of shares	115,589	3,090,376

¹ 2023 number of shares are UBS shares and 2022 number of shares were CS shares.

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

For information and details on the subsequent events on share based compensation liabilities, refer Note 42 – Subsequent Events

f) Loans and Advances to Directors and Key Management Personnel

Loans outstanding to or due from Directors or key management personnel of the CSi group as at 31 December 2023 were USD Nil (2022: USD Nil), of which loans to Directors were USD Nil (2022: USD Nil).

Bank's most frequently used freestanding derivative products, entered into for trading and risk management purposes, include interest rate, equity, cross currency and credit default swaps, interest rate and foreign currency options, foreign exchange forward contracts, and foreign currency and interest rate futures.

Furthermore, the Bank enters into contracts that are not considered derivatives in their entirety but include embedded derivative features. Such transactions primarily include issued and purchased structured debt instruments where the return may be calculated by reference to an equity security, index, or third-party credit risk or that have non-standard or foreign currency terms.

On the date the derivative contract is entered into, the Bank designates the derivative as belonging to one of the following categories:

- a trading activity;
- a risk management transaction that does not qualify as a hedge under accounting standards (referred to as an economic hedge); or
- a hedge of the variability of cash flows to be received or paid related to a recognised asset or liability or a forecasted transaction.

The following table sets forth details of trading and hedging derivatives instruments:

33 Derivatives and Hedging Activities

Derivatives are generally either bilateral OTC contracts or standard contracts transacted through regulated exchanges. The

Group	31 December 2023				31 December 2022			
	Trading		Hedging		Trading		Hedging	
	Gross Derivative Assets	Gross Derivative Liabilities	Gross Derivative Assets	Gross Derivative Liabilities	Gross Derivative Assets	Gross Derivative Liabilities	Gross Derivative Assets	Gross Derivative Liabilities
Trading and hedging derivatives instruments (USD million)								
Interest rate products	33,876	33,284	–	–	43,494	43,022	–	–
Foreign exchange products	13,457	15,156	3	–	21,904	20,634	7	17
Equity/indexed-related products	9,073	8,891	–	–	28,703	29,258	–	–
Credit products	1,851	2,107	–	–	4,777	4,608	–	–
Other products	76	64	–	–	294	320	–	–
Total derivative instruments	58,333	59,502	3	–	99,172	97,842	7	17

Group	2023		2022	
	Derivative Assets	Derivative Liabilities	Derivative Assets	Derivative Liabilities
Derivative Assets and Liabilities (USD million)				
Derivative Assets and Liabilities (trading and hedging) before netting	58,336	59,502	99,179	97,859
Derivative Assets and Liabilities (trading and hedging) after netting	57,340	58,562	90,074	88,490

Bank	2023		2022	
	Derivative Assets	Derivative Liabilities	Derivative Assets	Derivative Liabilities
Derivative Assets and Liabilities (USD million)				
Derivative Assets and Liabilities (trading and hedging) before netting	58,336	59,502	99,300	98,123
Derivative Assets and Liabilities (trading and hedging) after netting	57,340	58,562	90,195	88,754

The above tables remain the same for Bank with an exception on the following lines for 31 December 2022:

For Interest rate products, gross derivative assets is USD 43,498 million and gross derivative liabilities is USD 42,966 million.

For Equity/Index related products, gross derivative assets is USD 28,703 million and gross derivative liabilities is USD 29,256 million.

For Credit products, gross derivative assets is USD 4,894 million and gross derivative liabilities is USD 4,930 million.

For information and details on the balances with related parties, refer Note 32 – Related Parties.

Trading Activities

The Bank is active in most of the principal trading markets and transacts in many popular trading and hedging products. As noted above, this includes the use of swaps, futures, options and structured products (custom transactions using combinations of derivatives) in connection with its sales and trading activities. Trading activities include market making and customer based trading. The majority of the Bank's derivatives held as at 31 December 2023 were used for trading activities.

Economic Hedges

Economic hedges arise when the UBS Group AG group enters into derivative contracts for its own risk management purposes, but the contracts entered into do not qualify for hedge accounting under IFRS. These economic hedges include the following types:

- interest rate derivatives to manage net interest rate risk on certain banking business assets and liabilities;
- foreign exchange derivatives to manage foreign exchange risk on certain banking business revenue and expense items, as well as on banking business assets and liabilities;
- credit derivatives to manage credit risk on certain loan portfolios; and
- economic hedges are accounted for and presented in the same way as trading derivatives, since hedge accounting is not applied.

Cash Flow Hedges

The UBS Group AG designates cash flow hedges as part of its strategy to mitigate its risk to variability of foreign currency denominated professional services and salaries and payroll taxes by using foreign exchange forwards. The strategy is to enter into a strip of foreign exchange forward trades to hedge the risk associated with these expenses to recognise the gain or loss on these hedges in the profit and loss line of the hedged item. The strip of foreign exchange forward trades mature on the last business day of the respective month.

The objective of the strategy is to lock in the USD equivalent of certain GBP professional services and salaries and payroll taxes at the rates prevailing at the time of executing the hedge trade(s). By investing in foreign exchange forward contracts, the UBS Group AG has secured the GBP/USD exchange rate, at which rate the expenses will be recorded at in the financial statements.

The nature of the risk being hedged is the impact of forward foreign exchange rate movements on the moment of GBP expense recognition in the financial statements. Hence, the forward points within the foreign exchange forward trades are included in the hedge relationship. The GBP expenses are remeasured into USD at the time when recognised in the financial statements. The GBP denominated payments are referred to as the hedged item. The remeasurement of GBP expenses into USD is performed using the foreign exchange rate set on the last business day of that month. Hence, there is no timing mismatch between the hedging instrument and the hedged item, as the maturity date of a foreign exchange forward trade is always a last business day of a month.

The following table sets forth details of cash flow hedging instruments:

	Nominal amount of the hedging instrument	Carrying amount of the hedging instrument		Line item in the statement of financial position where the hedging instrument is recorded	Changes in fair value used for calculating hedge ineffectiveness during the period
		Assets	Liabilities		
Group and Bank As at 31 December 2023 (USD million)					
Cash flow hedges (USD million)					
Foreign exchange risk					
Forward contracts	69	3	–	Non-trading financial assets mandatorily at fair value through profit or loss	12
Group and Bank As at 31 December 2022 (USD million)					
Cash flow hedges (USD million)					
Foreign exchange risk					
Forward contracts	465	7	(17)	Non-trading financial assets mandatorily at fair value through profit or loss/ Financial liabilities designated at fair value through profit or loss	1

The following table sets forth the timing of future cash flows of hedging instruments:

	Group and Bank As at 31 December 2023 (USD million)	
	< 6 months	< 1 year
Cash Flow Hedges		
Foreign exchange price risk		
Forward contracts	69	–
Average exchange rate – GBP/USD	1.23	–
Group and Bank As at 31 December 2022 (USD million)		
Cash Flow Hedges		
Foreign exchange price risk		
Forward contracts	254	211
Average exchange rate – GBP/USD	1.29	1.17

The following table sets forth the details of hedged item:

	Group and Bank Cash flow hedges as at 31 December 2023 (USD million)	
	Change in value of the hedged item	Cash flow hedge reserve
Foreign exchange price risk		
Professional services, salaries and payroll taxes	–	3
Group and Bank Cash flow hedges as at 31 December 2022 (USD million)		
Foreign exchange price risk		
Professional services, salaries and payroll taxes	–	(9)

Hedge effectiveness assessment

The UBS Group AG assesses the effectiveness of hedging relationships both prospectively and retrospectively. The prospective assessment is made both at the inception of a hedging relationship and on an ongoing basis and requires the UBS Group AG to justify its expectation that the relationship will be highly effective over future periods. The retrospective assessment is also performed on an ongoing basis and requires the UBS Group AG to determine whether or not the hedging relationship has actually been effective. If the UBS Group AG concludes, through a retrospective evaluation, that hedge accounting is appropriate for the current period, then it measures the amount of hedge ineffectiveness to be recognised in earnings.

	2023	2022
	Foreign exchange price risk	Foreign exchange price risk
Cash flow hedges (USD million)		
	Forward contract	Forward contract
Hedging gain/(loss) recognised in OCI	16	(62)
Amount reclassified to profit or loss because hedged item has affected profit or loss	4	(63)
	Total Operating expenses: a. General, administrative and trading expenses b. Compensation and benefits	Total Operating expenses: a. General, administrative and trading expenses b. Compensation and benefits
Line item that includes the reclassification adjustments		

	2023	2022
	Cash flow hedging reserve	Cash flow hedging reserve
Cash flow hedge reserve (USD million)		
Opening balance at 1 January	(9)	(10)
Cash flow hedges		
Effective portion of changes in fair value:		
Foreign Exchange Currency risk	16	(62)
Net amount reclassified to profit or loss:		
Foreign Exchange Currency risk	(4)	63
Closing balance at 31 December	3	(9)

Disclosures relating to contingent credit risk

Certain of the Bank's derivative instruments contain provisions that require it to maintain a specified credit rating from each of the major credit rating agencies. If the ratings fall below the level specified in the contract, the counterparties to the agreements could request payment of additional collateral on those derivative instruments that are in a net liability position. Certain of the derivative contracts also provide for termination of the contract, generally upon a downgrade of either UBS Group AG or the counterparty, at the existing mark to market replacement value of the derivative contract.

On a daily basis, the level of incremental collateral that would be required by derivative counterparties in the event of a UBS Group AG ratings downgrade is monitored. Collateral triggers are maintained by the Collateral Management department and vary by counterparty.

The impact of downgrades in the UBS Group AG's debt in issuance ratings are considered in the stress assumptions used to determine the liquidity and funding profile of the Bank. The Bank holds a liquidity pool made up of 'High Quality Liquid Assets' ('HQLA') to meet any additional collateral calls as a result of a downgrade. The assessment takes into consideration a two-notch downgrade in credit rating of UBS Group AG.

34 Contingent Liabilities, Guarantees and Commitments

The following tables set forth details of contingent liabilities associated with guarantees and other commitments:

Group and Bank	Maturity				Total gross amount	Secured by collateral	Net of collateral
	<1 year	1-3 years	3-5 years	>5 years			
31 December 2023							
Guarantees (USD million)							
Credit guarantees and similar instruments	118	25	–	–	143	3	140
Forward reverse repurchase agreements	183	–	–	–	183	175	7
Total guarantees	301	25	–	–	326	178	147
Other commitments (USD million)							
Loan commitments	189	680	151	114	1,134	372	763
Other commitments – commitments to purchase cash securities <1 year	222	5	–	–	227	–	228
Total other commitments	411	685	151	114	1,361	372	991
31 December 2022							
Guarantees (USD million)							
Credit guarantees and similar instruments	67	83	–	–	150	–	150
Forward reverse repurchase agreements	990	–	–	–	990	990	–
Total guarantees	1,057	83	–	–	1,140	990	150
Other commitments (USD million)							
Loan commitments	807	794	836	77	2,514	716	1,798
Other commitments – commitments to purchase cash securities <1 year	3,850	–	–	–	3,850	–	3,850
Total other commitments	4,657	794	836	77	6,364	716	5,648

Credit guarantees are contracts that require the CSi group to make payments, should a third party fail to do so under a specified existing credit obligation. For example, in connection with its corporate lending business and other corporate activities, the CSi group provides guarantees to counterparties in the form of standby letters of credit, which represent obligations to make payments to third parties if the counterparty fails to fulfil its obligation under a borrowing arrangement or other contractual obligation.

Performance guarantees and similar instruments are arrangements that require contingent payments to be made when certain performance-related targets or covenants are not met. Such covenants may include a customer's obligation to deliver certain products and services or to perform under a construction contract. Performance-related guarantees are frequently executed as part of project finance transactions.

Loan commitments include unused credit facilities that cannot be revoked at any time without prior notice.

Commitments to purchase cash securities represents the value of debt and equity cash security contracts which requires CSi group to make payments to customers, banks, brokers and dealers which have not settled as at the reporting date.

Contingent Liabilities and Other Commitments

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

CSi has a litigation provision of USD 5 million as at year end 31 December 2023. Below are the potentially more significant litigation matters.

CSi and other Credit Suisse entities have been subject to investigations by regulatory and enforcement authorities, as well as civil litigation, regarding certain Credit Suisse entities' arrangement of loan financing to Mozambique state enterprises, Proindicus

S.A. and Empresa Mocambicana de Atum S.A. ('EMATUM'), a distribution to private investors of 'loan participation notes' (LPN) related to the EMATUM financing in September 2013, and certain Credit Suisse entities' subsequent role in arranging the exchange of those LPNs for Eurobonds issued by the Republic of Mozambique. In 2019, three former Credit Suisse employees pleaded guilty in the EDNY to accepting improper personal benefits in connection with financing transactions carried out with two Mozambique state enterprises.

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

In February 2019, CSi and CSAG (with CSS(E)L being added later), three former employees, and several other unrelated entities were sued in the English High Court by the Republic of Mozambique. Credit Suisse entities, including CSi, subsequently filed cross claims against several entities controlled by Prinvest Holding SAL (Prinvest) that acted as the project contractor, Iskander Safa, the owner of Prinvest, and several Mozambique officials. The Republic of Mozambique sought (i) a declaration that the sovereign guarantee issued in connection with the ProIndicus loan syndication arranged and funded, in part, by a Credit Suisse subsidiary is void and (ii) damages alleged to have arisen in connection with the transactions involving ProIndicus and EMATUM, and a transaction in which Credit Suisse had no involvement with Mozambique Asset Management S.A. In addition, several of the banks that participated in the ProIndicus loan syndicate brought claims against Credit Suisse entities seeking a declaration that Credit Suisse is liable to compensate them for alleged losses suffered as a result of any invalidity of the sovereign guarantee or damages stemming from the alleged loss suffered due to their reliance on representations made by Credit Suisse to the syndicate lenders.

In January 2021, Prinvest entities filed a cross claim against the Credit Suisse entities (as well as the three former Credit Suisse employees and various Mozambican officials) seeking an indemnity and/or contribution in the event that the contractor is found liable to the Republic of Mozambique.

In February 2022, Prinvest and Iskandar Safa brought a defamation claim in a Lebanese court against CSSEL and Credit Suisse Group AG. The lawsuit alleges damage to the claimants' professional reputation in Lebanon due to statements that were allegedly made by Credit Suisse in documents relating

to the October 2021 settlements with global regulators. In November 2022, a Prinvest employee who was the lead negotiator on behalf of Prinvest entities in relation to the Mozambique transactions, also brought a defamation claim in a Lebanese court against Credit Suisse Group AG and CSS(E)L.

In September 2023, Credit Suisse, the Republic of Mozambique, and certain of the lenders in the ProIndicus syndicate entered into a settlement agreement. In November 2023, UBS Group AG (as successor to Credit Suisse Group AG), Credit Suisse, Prinvest and Iskander Safa entered into an agreement to settle all claims among them in the English High Court and in Lebanon.

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

Certain civil actions have been filed by fund investors and other parties against Credit Suisse and/or certain officers and directors in various jurisdictions, which make allegations including mis-selling and breaches of duties of care, diligence and other fiduciary duties. Certain investors and other private parties have also filed criminal complaints against Credit Suisse and other parties in connection with this matter.

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

In July 2023, the PRA and the US Federal Reserve announced resolutions of their investigations of Credit Suisse's relationship

with Archegos. CSi and CSS(E)L entered into a settlement agreement with the PRA providing for the resolution of the PRA's investigation, following which the PRA published a Final Notice imposing a financial penalty of GBP 87 million on CSi and CSS(E)L for breaches of various of the PRA's Fundamental Rules which was paid.

UBS Group AG, Credit Suisse AG, Credit Suisse Holdings (USA) Inc., and Credit Suisse AG, New York Branch entered into an Order to Cease and Desist with the Board of Governors of the Federal Reserve System. Under the terms of the order, Credit Suisse agreed to pay a civil money penalty of USD 269m and to undertake certain remedial measures. FINMA also entered a decree dated 14 July 2023 announcing the conclusion of its enforcement proceeding, finding that Credit Suisse had seriously violated financial market law in connection with its business relationship with Archegos and ordering remedial measures directed at Credit Suisse AG and UBS Group AG, as the legal successor to Credit Suisse Group AG.

Civil actions relating to Credit Suisse's relationship with Archegos have been filed against Credit Suisse and/or certain officers and directors, including claims for breaches of fiduciary duties.

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

35 Interests in Other Entities

CSi has interests in a number of entities where it has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of these entities are included in the

consolidated financial statements from the date on which control commences until the date on which control ceases.

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

Composition of the CSi group

Entity Name	Domicile	Currency	Percentage of ownership held 2023	Percentage of ownership held 2022
31 December 2023				
AI3 (USD) Segregated Portfolio	Cayman Islands	USD	100	100
Albalatin LLC	Qatar	USD	100	–
Andrea Cell 1000 EUR ¹	Jersey	EUR	100	100
Andrea Cell 1000 USD ¹	Jersey	USD	100	100
Andrea Investments (Jersey) PCC (MASTER VEHICLE) ¹	Jersey	GBP	100	100
Andrea Investments (Jersey) PCC: 1000 ¹	Jersey	USD	100	100
Argentum Capital Series 2015-32	Luxembourg	USD	100	100
Argentum Capital Series 2016-36	Luxembourg	USD	100	–
Argentum Capital Series 2015-53, 2016-25, 2016-33, 2016-50, 2016-63, 2017-54, 2017-64, 2019-75, 2022-11	Luxembourg	USD	–	100
Argentum Series 2018-22	Luxembourg	USD	–	100
Ascent Finance Limited 2020-25	Cayman Islands	USD	100	100
Ascent Finance Limited 2021-9015	Cayman Islands	USD	100	–
Ascent Finance Limited Series 2021-1800, 2021-1801, 2021-1802, 2022-1801, 2022-1802	Cayman Islands	USD	–	100
Boats Investments (Jersey) Ltd Series 630, 641, 647, 663 ¹	Jersey	USD	100	100
Boats Investments (Jersey) Ltd Series 628, 631, 633, 639, 642, 648, 655, 656, 658, 659, 661, 662, 664 ¹	Jersey	USD	–	100
Clearwater Seller Limited ²	United Kingdom	USD	100	100
Credit Suisse First Boston Trustees Limited	Ireland, Republic of	USD	100	100
Custom Markets QIAIF plc	Ireland, Republic of	USD	100	100
Global Bond Fund	Ireland, Republic of	USD	100	100
GIFMS Capital Company LLC	United States	USD	–	100
GIFS Capital Company LLC Silo 2 Technical purpose	United States	USD	100	–
Interleuvenlaan 15 Real Estate Ltd	Gibraltar	EUR	100	100
M&M Iris SPC	Cayman Islands	USD	–	100
Morstan Investments B.V.	Netherlands	USD	100	100
New Jersey S.A.	Luxembourg	EUR	100	100
Platinum Securities Cayman SPC Limited	Cayman Islands	USD	100	100
Platinum Securities Netherlands B.V.	Netherlands	EUR	–	100
Silver Hake Limited	Gibraltar	EUR	100	100
VAULT Investments plc – Series 060 ³	Ireland, Republic of	EUR	–	100
Westwood S.A	Portugal	EUR	100	100
YI Active Spezial ESPA Fund. ³	Austria	EUR	–	100

¹ For these entities, the financial year ends on 30 September each year.

² For these entities, the financial year ends on 31 March each year.

³ For these entities, the financial year ends on 30 June each year.

	Security	Immediate Parent	Ultimate Parent	Country	Registered Office
31 December 2023 Subsidiaries					
AI3 Segregated Portfolio	USD 100 Participating shares	Credit Suisse International	UBS Group AG	Cayman Islands	Walkers SPV Limited Walker House, Mary Street PO Box 908GT George Town, Grand Cayman, Cayman Islands
Albalatin LLC	No shares	TMF Group LLC	TMF Group EMEA B.V	Qatar	Office No. 1422 14th Floor, Al Fardan Office Towers No. 12 Doha – Qatar
Andrea Investments (Jersey) PCC – Cell Series 1000 EUR	EUR Preference shares	Andrea Investments (Jersey) PCC	Borowska Trust	Jersey	22 Grenville Street, St Helier, Channel Islands JE4 8PX, Jersey
Andrea Investments (Jersey) PCC – Cell Series 1000 USD	USD Preference shares	Andrea Investments (Jersey) PCC	Borowska Trust	Jersey	22 Grenville Street, St Helier, Channel Islands JE4 8PX, Jersey
Andrea Investments (Jersey) PCC	No shares	Borowska Trust	Borowska Trust	Jersey	22 Grenville Street, St Helier, Channel Islands JE4 8PX, Jersey
Andrea Investments (Jersey) PCC – Cell Series 1000 PC	No shares	Andrea Investments (Jersey) PCC	Borowska Trust	Jersey	22 Grenville Street, St Helier, Channel Islands JE4 8PX, Jersey
Argentum Capital Series 2015-32, 2015-53, 2016-25, 2017-64, 2019-75, 2022-11, 2016-33, 2016-50, 2016-63, 2017-54, 2018-22, 2016-36	No shares	Argentum Capital S.A.	Argentum Capital S.A.	Luxembourg	51, avenue John F. Kennedy, Luxembourg L-1855, Luxembourg
Ascent Finance Limited 2021-1800, 2021-1801	No shares	Credit Suisse International	UBS Group AG	Cayman Islands	One Nexus Way, Camana Bay, Grand Cayman – Cayman Islands
Ascent Finance Limited Series 2021-1802, 2022-1801, 2022-1802, 2020-25	No shares	Ascent Fiance Limited	Ascent Fiance Limited	Cayman Islands	One Nexus Way, Camana Bay, Grand Cayman – Cayman Islands
Boats Investments (Jersey) Ltd Series 630, 641, 647, 663, 628, 631, 633, 639, 642, 648, 655, 656, 658, 659, 661, 662, 664	No shares	Boats Investments (Jersey) Limited (Master Vehicle)	Boats Investments (Jersey) Limited (Master Vehicle)	Jersey	22 Grenville Street, St Helier JE2 4UF, Jersey
Clearwater Seller Limited	No shares	Credit Suisse International	UBS Group AG	United Kingdom	35 Great St. Helen's, London EC3A 6AP, United Kingdom
Credit Suisse First Boston Trustees Limited	Ordinary Shares	Credit Suisse International	UBS Group AG	United Kingdom	One Cabot Square London E14 4QJ – United Kingdom
CQS Total Return Credit Fund ¹	No voting shares	Credit Suisse International	UBS Group AG	Republic of Ireland	5 George's Dock, IFSC, Dublin – Ireland, Republic of Ireland
Custom Markets QIF PLC	No shares	Credit Suisse International	UBS Group AG	Republic of Ireland	MFD Secretaries Limited, 2nd Floor Beau Lane House, Dublin 2, Republic of Ireland
Global Bond Fund	Investment Fund Share	Credit Suisse International	UBS Group AG	Republic of Ireland	2nd Floor, Block E, Iveagh Court, Harcourt Road, Dublin 2, Republic of Ireland
GIFMS Capital Company LLC	No shares	Guggenheim Treasury Services, LLC	Guggenheim Partners (via Liberty Hampshire Holdings, LLC)	United States of America	227 West Monroe Suite 4900 Chicago, Illinois 60606 – USA
GIFS Capital Company LLC Silo 2 Technical purpose	No shares	Guggenheim Treasury Services, LLC	Guggenheim Partners (via Liberty Hampshire Holdings, LLC)	United States of America	227 West Monroe Suite 4900 Chicago, Illinois 60606 – USA
Interleuvenlaan 15 Real Estate Ltd	No shares	Credit Suisse International	UBS Group AG	Gibraltar	124 Irish Town, Gibraltar, Gibraltar
M & M Irs SPC	No shares	Credit Suisse International	UBS Group AG	Cayman Islands	Queensgate House, South Church Street, George Town, Grand Cayman KY1-1102, Cayman Islands
Morstan Investments B.V.	No shares	Credit Suisse International	UBS Group AG	Jersey	Prins Hendriklaan 26, Amsterdam 1075 BD, Netherlands
New Jersey S.A.	No shares	Credit Suisse International	UBS Group AG	Luxembourg	51, avenue John F. Kennedy, Luxembourg L-1855, Luxembourg
Platinum Securities Cayman SPC Limited	No shares	Credit Suisse International	UBS Group AG	Cayman Islands	c/o Maples Corporate Services Limited, Limited Islands P.O. Box 309, Uglan House, George Town, Grand Cayman KY1-1104 – Cayman Islands
Platinum Securities Netherlands B.V.	No shares	Platinum Securities Netherlands B.V.	Platinum Securities Netherlands B.V.	Netherlands	Prins Bernhardplein 200, Amsterdam 1097 JB, Netherlands
Silver Hake Limited	No shares	Credit Suisse International	UBS Group AG	Gibraltar	Suite 7b & 8b, Finsbury Trust, 50 Town Range, PO Box 472, Gibraltar
VAULT Investments plc – Series 060	No shares	Credit Suisse International	UBS Group AG	Republic of Ireland	1st Grant Road, Lower Mount Street, Series 060 Ireland Dublin, Republic of Ireland
Westwood S.A	No shares	Credit Suisse International	UBS Group AG	Portugal	Edificio Atrium Saldanha Praca Duque de Saldanha, Lisbon 1050 094, Portugal
Xanthos Holding – ¹ Segregated Portfolio	Non-Participating USD 1 shares	Credit Suisse International	UBS Group AG	Cayman Islands	Walkers SPV Limited Walker House, Mary Street PO Box 908GT George Town, Grand Cayman, Cayman Islands
YI Active Spezial ESPA Fund.	Non-voting shares	Credit Suisse International	UBS Group AG	Austria	Am Belvedere 1, Vienna 1100, Austria

¹ All subsidiaries in above table are consolidated except Xanthos Holding – Segregated Portfolio and CQS Total Return Credit Fund.

In accordance with Section 409 of the Companies Act 2006 a list of CSi's subsidiaries and associates, the country of incorporation and the effective percentage of equity owned at 31 December 2023 is disclosed above.

Changes in ownership that did result in loss of control		
(USD million)	2023	2022
Cash Consideration	1	-
Carrying value of net assets	(1)	-
Gain/(Loss) on disposal of interests recorded	-	-

Restrictions

The CSi group and its subsidiaries have certain restrictions which may restrict the ability of the CSi group to access or use the assets and settle the liabilities of the CSi group. These restrictions may be statutory, contractual or regulatory in nature.

The Bank must at all times monitor and demonstrate compliance with the relevant regulatory capital requirements set out in the EU Capital Requirements Regulation ('CRR') and additionally as laid down by the PRA. The Bank has put into place processes and controls to monitor and manage its capital adequacy. For more information regarding the Bank's capital adequacy and how the capital resources are managed and monitored please refer to Note 41 – Capital Adequacy.

The Bank is required to maintain minimum levels of capital in the form of equity shares and reserves to meet PRA requirements.

Restricted assets also include those assets protected under client segregation rules. Please refer to Note 21 – Other Assets and Other Liabilities for further information.

The CSi group pledges assets mainly for repurchase agreements and other securities financing. Certain pledged assets may be encumbered, meaning the counterparty has the right to resell or repledge the pledged asset. Please refer to Note 17 – Trading Financial Assets and Liabilities Mandatorily at Fair Value Through Profit or Loss for more information on encumbered assets.

Other restrictions include those that prevent some subsidiaries from making any distributions to the parent such as restrictions on redemption or the payments of dividends.

Unconsolidated structured entities

The CSi group has interests in structured entities which are not consolidated. An interest is either a contractual or non-contractual involvement that exposes the CSi group to variability in returns from the performance of another entity. An interest in another entity can be evidenced by, but is not limited to, the holding of equity or debt instruments as well as other forms of involvement

such as the provision of funding, liquidity, credit enhancement and guarantees.

The CSi group does not have an interest in another entity solely because of a typical customer supplier relationship such as fees other than management and performance fees that are passively earned and are typically one-off in nature.

Type of structured entity

Collateralised Debt Obligations

The CSi group engages in CDO transactions to meet client and investor needs, earn fees and sell financial assets. The CSi group may act as underwriter, placement agent or asset manager and may warehouse assets prior to the closing of a transaction. As part of its structured finance business, the CSi group purchases loans and other debt obligations from and on behalf of clients for the purpose of securitisation. The loans and other debt obligations are sold to structured entities, which in turn issue CDOs to fund the purchase of assets such as investment grade and high yield corporate debt instruments.

The maximum exposure to loss consists of the fair value of instruments issued by such structures that are held by the CSi group.

Financial Intermediation

The CSi group has significant involvement with structured entities in its role as a financial intermediary on behalf of clients. Financial intermediation consists of securitisations, funds, loans and other vehicles.

Securitisations

Securitisations are primarily CMBS, RMBS and Asset Backed Securities ('ABS') vehicles. The CSi group acts as an underwriter, market maker, liquidity provider, derivative counterparty and/or provider of credit enhancements to structured entities related to certain securitisation transactions.

The maximum exposure to loss is the carrying value of the loan securities and derivative positions that are variable returns if any, plus the exposure arising from any credit enhancements the CSi group provided. The CSi group's maximum exposure to loss does not include any effects from financial instruments used to economically hedge the risks of the structured entities.

Funds

Funds include investment structures such as mutual funds, funds of funds, private equity funds and fund-linked products, where the investors' interest is typically in the form of debt rather than equity, thereby making them structured entities. The CSi group may have various relationships with such structured entities in the form of structurer, investment advisor, investment manager, administrator, custodian, underwriter, placement agent, market maker and/or as prime broker. These activities include the use of structured entities in structuring fund-linked products, hedge

funds of funds or private equity investments to provide clients with investment opportunities in alternative investments. In such transactions, a structured entity holds underlying investments and issues securities that provide the investors with a return based on the performance of those investments.

The maximum exposure to loss consists of the fair value of instruments issued by such structures that are held by the CSi group. The investors typically retain the risk of loss on such transactions, but for certain fund types, the CSi group may provide principal protection on the securities to limit the investors' exposure to downside market risk. The CSi group's maximum exposure to loss does not include any effects from financial instruments used to economically hedge the risk of the structured entities.

Loans

Loans are single-financing vehicles where the CSi group provides financing for specified assets or business ventures and the respective owner of the assets or manager of the businesses provides the equity in the vehicle. These tailored lending

arrangements are established to purchase, lease or otherwise finance and manage clients' assets.

The maximum exposure to loss is the carrying value of the CSi group's loan exposure, which is subject to the same credit risk management procedures as loans issued directly to clients. The clients' creditworthiness is carefully reviewed, strict loan-to-value ratios are set and, in addition, clients provide equity, additional collateral or guarantees, all of which significantly reduce the CSi group's exposure. The CSi group considers the likelihood of incurring a loss equal to the maximum exposure to be remote because of the CSi group's risk mitigation efforts which includes over-collateralisation and effective monitoring to ensure that a sufficient loan-to-value ratio is maintained.

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

Interests in unconsolidated structured entities

Line item in consolidated statement of financial position (USD million)	Type of structured entity					Total
	CDO	Securiti-sations	Funds	Loans	Other Financial intermediation	
31 December 2023						
Trading financial assets mandatorily at fair value through profit or loss						
Equity securities	–	–	17	–	–	17
Derivative instruments	20	99	6	–	201	326
Non-trading financial assets mandatorily at fair value through profit or loss						
Loans	–	–	–	1	–	1
Other Assets						
Other Assets	–	–	1	–	–	1
Total assets	20	99	24	1	201	345
Trading financial liabilities mandatorily at fair value through profit or loss						
Derivative instruments	–	28	7	–	–	35
Financial liabilities designated at fair value through profit or loss						
Structured Notes	–	–	–	–	88	88
Total liabilities	–	28	7	–	88	123
Maximum exposure to loss	20	99	24	1	201	345
Unconsolidated structured entity assets	93	1,989	1,866,284	57	1,330	1,869,753

Line item in consolidated statement of financial position (USD million)	Type of structured entity					Total
	CDO	Securiti- sations	Funds	Loans	Other Financial intermediation	
31 December 2022						
Trading financial assets mandatorily at fair value through profit or loss						
Debt securities	-	-	-	-	-	0
Equity securities	-	-	38	-	-	38
Derivative instruments	22	124	11	-	480	637
Non-trading financial assets mandatorily at fair value through profit or loss						
Loans	-	-	-	2	-	2
Securities purchased under repurchase agreements and securities borrowing transactions	26	-	-	-	77	103
Total assets	48	124	49	2	557	780
Trading financial liabilities mandatorily at fair value through profit or loss						
Equity securities	-	-	-	-	11	11
Derivative instruments	-	49	3	-	-	52
Financial liabilities designated at fair value through profit or loss						
Debt in issuance	-	-	-	-	187	187
Securities sold under repurchase agreements and securities lending transactions	-	3	-	-	-	3
Total liabilities	-	52	3	-	198	253
Maximum exposure to loss	48	124	49	2	557	780
Unconsolidated structured entity assets	373	2,203	2,034,025	54	5,909	2,042,564

The unconsolidated structured entity assets relate to where the CSi group has an interest in the unconsolidated structured entity. These amounts represent the assets of the entities themselves

and are typically unrelated to the exposures the CSi group has with the entity and thus are not amounts that are considered for risk management purposes.

Income and losses from unconsolidated structured entities

Structured entity type (USD million)	(Losses)/Income						Total
	Derivative (Loss)/Gain	Other Fair Value (Loss)/Gain	(Loss)/Gain on Sale of Assets	Interest (Expense)/Income	(Other Losses)/Other Income	(Other Expenses)/Commission and Fees	
31 December 2023							
Securitisations	7	–	–	–	–	1	8
Funds	(3)	48	(16)	–	3	–	32
Other	12	2	–	(2)	–	–	12
Total	16	50	(16)	(2)	3	1	52
31 December 2022							
Securitisations	(94)	–	–	–	6	5	(83)
Funds	–	(79)	(64)	–	5	–	(138)
Other	(119)	(1)	–	2	–	–	(118)
Total	(213)	(80)	(64)	2	11	5	(339)

The previous table shows the income earned from unconsolidated structured entities during the reporting period. Income from an unconsolidated structured entity includes but is not limited to recurring and non-recurring fees, interest and commission received, gains or losses from the transfer of assets and liabilities and changes in the fair value of instruments, including derivatives.

The CSi group considers itself the sponsor of a structured entity when either its name appears in the name of the structured entity

or in products issued by it or there is a general expectation from the market that the CSi group is associated with the structured entity or the CSi group was involved in the design or set up of the structured entity and has a form of involvement with the structured entity.

The following table shows information about the unconsolidated structured entities sponsored by the CSi group where no interest is held by the CSi group.

Sponsored unconsolidated structured entities

Structured entity type (USD million)	(Losses)/Income						Total	Carrying Value of Assets transferred
	Derivative (Loss)/Gain	(Loss)/Gain on Sale of Assets	(Other Losses)/Other Income	(Other Expenses)/Commission and Fees	Interest (Expense)/Income			
31 December 2023								
Securitisations	(1)	(1)	(1)	–	(6)	(9)	121	
Funds	–	–	(38)	–	–	(38)	–	
Other	2	–	–	–	–	2	–	
Total	1	(1)	(39)	–	(6)	(45)	121	
31 December 2022								
Securitisations	109	(16)	8	–	–	101	2,600	
Funds	(5)	–	–	–	–	(5)	98	
CDO	2	–	–	–	–	2	–	
Loans	–	–	1	–	–	1	–	
Other	23	(7)	11	–	–	27	–	
Total	129	(23)	20	–	–	126	2,698	

The previous table shows the income earned from sponsored unconsolidated structured entities during the reporting period and the carrying amount of any assets transferred to those structured entities during the reporting period. Income from an

unconsolidated structured entity includes but is not limited to gains or losses from the transfer of assets and liabilities and changes in the fair value of derivative instruments.

For some funds, the CSi group is contractually obliged to fund certain minimal operating expenses.

CSi group does not have the intention to provide financial or other support to unconsolidated structured entities that it is not contractually required to provide.

CSi group has not provided financial or other support to unconsolidated structured entities that it was not contractually required to provide.

36 Financial Instruments

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

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

Analysis of financial instruments by categories

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

Financial assets and liabilities by categories

As at 31 December 2023

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

Financial assets and liabilities by categories

As at 31 December 2023

	Total carrying value	Carrying value			Total fair value
		Mandatorily at FVTPL	Designated at fair value	Amortised cost	
Bank					
Financial assets (USD million)					
Cash and due from banks	3,616	–	–	3,616	3,616
Interest-bearing deposits with banks	8,319	–	–	8,319	8,319
Securities purchased under resale agreements and securities borrowing transactions	1,304	–	–	1,304	1,304
Trading financial assets mandatorily at fair value through profit or loss	63,354	63,354	–	–	63,354
Non-trading financial assets mandatorily at fair value through profit or loss	24,395	24,395	–	–	24,395
Loans and advances	3,187	–	–	3,187	3,254
Other assets	16,977	–	–	16,977	16,977
Total financial assets	121,152	87,749	–	33,403	121,219
Financial liabilities (USD million)					
Due to banks	31	–	–	31	31
Securities sold under repurchase agreements and securities lending transactions	358	–	–	358	358
Trading financial liabilities mandatorily at fair value through profit or loss	60,519	60,519	–	–	60,519
Financial liabilities designated at fair value through profit or loss	15,891	–	15,891	–	15,891
Borrowings	12,622	–	–	12,622	12,622
Other liabilities	8,604	–	–	8,604	8,604
Debt in issuance	8,108	–	–	8,108	8,125
Total financial liabilities	106,133	60,519	15,891	29,723	106,150

Financial assets and liabilities by categories

As at 31 December 2022

	Total carrying value	Carrying value			Total fair value
		Mandatorily at FVTPL	Designated at fair value	Amortised cost	
Group					
Financial assets (USD million)					
Cash and due from banks	4,149	–	–	4,149	4,149
Interest-bearing deposits with banks	12,085	–	–	12,085	12,085
Securities purchased under resale agreements and securities borrowing transactions	10,527	–	–	10,527	10,527
Trading financial assets mandatorily at fair value through profit or loss	107,973	107,973	–	–	107,973
Non-trading financial assets mandatorily at fair value through profit or loss	22,831	22,831	–	–	22,831
Loans and advances	2,752	–	–	2,752	2,717
Other assets	21,178	–	–	21,178	21,178
Total financial assets	181,495	130,804	–	50,691	181,460
Financial liabilities (USD million)					
Due to banks	266	–	–	266	266
Securities sold under repurchase agreements and securities lending transactions	2,924	–	–	2,924	2,924
Trading financial liabilities mandatorily at fair value through profit or loss	93,397	93,397	–	–	93,397
Financial liabilities designated at fair value through profit or loss	27,169	–	27,169	–	27,169
Borrowings	6,025	–	–	6,025	6,025
Other liabilities	16,379	–	–	16,379	16,379
Debt in issuance	18,309	–	–	18,309	18,079
Total financial liabilities	164,469	93,397	27,169	43,903	164,239

Financial assets and liabilities by categories

As at 31 December 2022

	Total carrying value	Carrying value			Total fair value
		Mandatorily at FVTPL	Designated at fair value	Amortised cost	
Bank					
Financial assets (USD million)					
Cash and due from banks	4,133	–	–	4,133	4,133
Interest-bearing deposits with banks	12,085	–	–	12,085	12,085
Securities purchased under resale agreements and securities borrowing transactions	10,527	–	–	10,527	10,527
Trading financial assets mandatorily at fair value through profit or loss	107,987	107,987	–	–	107,987
Non-trading financial assets mandatorily at fair value through profit or loss	22,258	22,258	–	–	22,258
Loans and advances	2,752	–	–	2,752	2,717
Other assets	21,178	–	–	21,178	21,178
Total financial assets	180,920	130,245	–	50,675	180,885
Financial liabilities (USD million)					
Due to banks	266	–	–	266	266
Securities sold under repurchase agreements and securities lending transactions	2,924	–	–	2,924	2,924
Trading financial liabilities mandatorily at fair value through profit or loss	93,661	93,661	–	–	93,661
Financial liabilities designated at fair value through profit or loss	26,332	–	26,332	–	26,332
Borrowings	6,025	–	–	6,025	6,025
Other liabilities	16,379	–	–	16,379	16,379
Debt in issuance	18,308	–	–	18,308	18,079
Total financial liabilities	163,895	93,661	26,332	43,902	163,666

Certain financial instruments are carried at amortised cost on the balance sheet and their fair value is disclosed in the 'Total fair value' column in the above tables. In determining their fair values certain assumptions have been made, namely where the financial asset and financial liability is short dated, the fair value is approximated to carrying value due to the relatively short period of time between their origination and expected realisation, as well as the minimal credit risk inherent in these instruments. These instruments include: cash and due from banks, Interest-bearing deposits with banks, Securities purchased under resale agreements and securities borrowing transactions, cash collateral receivables and payables, other receivables and payables arising in the ordinary course of business (included in Other Assets and Other Liabilities), Due to banks, Securities sold under repurchase agreements and securities lending transactions and Borrowings. The Loans and advances and Debt in issuance instruments are long dated with greater than one year original maturity and have met the IFRS 9 – Solely Payments of Principal and Interest ('SPPI') test, therefore, are reported at amortised cost on the balance sheet and their calculated fair value is disclosed in the above tables.

Fair value measurement

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

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

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

The fair value of financial assets and liabilities is impacted by factors such as benchmark interest rates, prices of financial instruments issued by third parties, commodity prices, foreign exchange rates and index prices or rates. In addition, valuation adjustments

are an integral part of the valuation process when market prices are not indicative of the credit quality of a counterparty and are applied to both OTC derivatives and debt instruments. The impact of changes in a counterparty's credit spreads (known as credit valuation adjustments) is considered when measuring the fair value of assets and the impact of changes in the CSi group's own credit spreads (known as debit valuation adjustments) is considered when measuring the fair value of its liabilities. For OTC derivatives, the impact of changes in both the CSi group's and the counterparty's credit standing is considered when measuring their fair value, based on current CDS prices. The adjustments also take into account contractual factors designed to reduce the CSi group's credit exposure to counterparty, such as collateral held and master netting agreements. For hybrid debt instruments with embedded derivative features, the impact of changes in the CSi group's credit standing is considered when measuring their fair value, based on current funded debt spreads.

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

Fair value hierarchy

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

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

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

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

As at 31 December 2023 (Group)	Level 1	Level 2	Level 3	Impact of netting ¹	Total at fair value
Assets (USD million)					
Debt securities	60	1,681	100	–	1,841
Equity securities	3,110	718	140	–	3,968
Derivatives	1,342	56,088	903	(996)	57,337
of which interest rate products	8	33,685	183	(17)	33,859
of which foreign exchange products	–	13,280	177	–	13,457
of which equity/index-related products	1,330	7,403	340	(979)	8,094
of which credit derivatives	–	1,648	203	–	1,851
of which other derivative products	4	72	–	–	76
Other	–	160	3	–	163
Trading financial assets mandatorily at fair value through profit or loss	4,512	58,647	1,146	(996)	63,309
Securities purchased under resale agreements and securities borrowing transactions	–	25,236	–	(1,326)	23,910
Loans	–	283	43	(56)	270
Other non-trading financial assets mandatorily at fair value through profit or loss	2	401	5	–	408
Non-trading financial assets mandatorily at fair value through profit or loss	2	25,920	48	(1,382)	24,588
Total assets at fair value	4,514	84,567	1,194	(2,378)	87,897

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

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

As at 31 December 2023 (Group)	Level 1	Level 2	Level 3	Impact of netting ¹	Total at fair value
Liabilities (USD million)					
Debt securities	115	69	–	–	184
Equity securities	1,741	611	5	(584)	1,773
Derivatives	1,135	57,720	647	(940)	58,562
of which interest rate products	1	33,197	86	(2)	33,282
of which foreign exchange products	–	15,151	5	–	15,156
of which equity/index-related products	1,129	7,404	358	(938)	7,953
of which credit derivatives	–	1,909	198	–	2,107
of which other derivative products	5	59	–	–	64
Other	–	–	–	–	–
Trading financial liabilities mandatorily at fair value through profit or loss	2,991	58,400	652	(1,524)	60,519
Securities sold under resale agreements and securities borrowing transactions	–	8,835	–	(835)	8,000
Borrowings	–	2,484	3	–	2,487
Debt in issuance	–	4,331	255	–	4,586
Other financial liabilities designated at fair value through profit or loss	–	973	4	–	977
Financial liabilities designated at fair value through profit or loss	–	16,623	262	(835)	16,050
Total liabilities at fair value	2,991	75,023	914	(2,359)	76,569
Net assets/(liabilities) at fair value	1,523	9,544	280	(19)	11,328

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

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

As at 31 December 2023 (Bank)	Level 1	Level 2	Level 3	Impact of netting ¹	Total at fair value
Assets (USD million)					
Debt securities	60	1,744	82	–	1,886
Equity securities	3,110	718	140	–	3,968
Derivatives	1,342	56,088	903	(996)	57,337
of which interest rate products	8	33,685	183	(17)	33,859
of which foreign exchange products	–	13,280	177	–	13,457
of which equity/index-related products	1,330	7,403	340	(979)	8,094
of which credit derivatives	–	1,648	203	–	1,851
of which other derivative products	4	72	–	–	76
Other	–	160	3	–	163
Trading financial assets mandatorily at fair value through profit or loss	4,512	58,710	1,128	(996)	63,354
Securities purchased under resale agreements and securities borrowing transactions	–	25,236	–	(1,326)	23,910
Loans	–	287	43	(56)	274
Other non-trading financial assets mandatorily at fair value through profit or loss	2	204	5	–	211
Non-trading financial assets mandatorily at fair value through profit or loss	2	25,727	48	(1,382)	24,395
Total assets at fair value	4,514	84,437	1,176	(2,378)	87,749

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

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

As at 31 December 2023 (Bank)	Level 1	Level 2	Level 3	Impact of netting ¹	Total at fair value
Liabilities (USD million)					
Debt securities	115	69	–	–	184
Equity securities	1,741	611	5	(584)	1,773
Derivatives	1,135	57,720	647	(940)	58,562
of which interest rate products	1	33,197	86	(2)	33,282
of which foreign exchange products	–	15,151	5	–	15,156
of which equity/index-related products	1,129	7,404	358	(938)	7,953
of which credit derivatives	–	1,909	198	–	2,107
of which other derivative products	5	59	–	–	64
Other	–	–	–	–	–
Trading financial liabilities mandatorily at fair value through profit or loss	2,991	58,400	652	(1,524)	60,519
Securities sold under resale agreements and securities borrowing transactions	–	8,835	–	(835)	8,000
Borrowings	–	2,484	3	–	2,487
Debt in issuance	–	4,199	228	–	4,427
Other financial liabilities designated at fair value through profit or loss	–	973	4	–	977
Financial liabilities designated at fair value through profit or loss	–	16,491	235	(835)	15,891
Total liabilities at fair value	2,991	74,891	887	(2,359)	76,410
Net assets/liabilities at fair value	1,523	9,546	289	(19)	11,339

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

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

As at 31 December 2022 (Group)	Level 1	Level 2	Level 3	Impact of netting ¹	Total at fair value
Assets (USD million)					
Debt securities	2,862	4,846	645	–	8,353
Equity securities	8,266	597	374	–	9,237
Derivatives	5,680	92,388	1,104	(9,105)	90,067
of which interest rate products	8	43,270	216	(1,662)	41,832
of which foreign exchange products	19	21,741	144	–	21,904
of which equity/index-related products	5,650	22,481	572	(7,443)	21,260
of which credit derivatives	–	4,605	172	–	4,777
of which other derivative products	3	291	–	–	294
Other	–	246	70	–	316
Trading financial assets mandatorily at fair value through profit or loss	16,808	98,077	2,193	(9,105)	107,973
Securities purchased under resale agreements and securities borrowing transactions	–	27,885	–	(6,792)	21,093
Loans	–	1,143	28	(66)	1,105
Other non-trading financial assets mandatorily at fair value through profit or loss	104	526	3	–	633
Non-trading financial assets mandatorily at fair value through profit or loss	104	29,554	31	(6,858)	22,831
Total assets at fair value	16,912	127,631	2,224	(15,963)	130,804

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

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

As at 31 December 2022 (Group)	Level 1	Level 2	Level 3	Impact of netting ¹	Total at fair value
Liabilities (USD million)					
Debt securities	771	1,249	20	–	2,040
Equity securities	2,859	676	8	(662)	2,881
Derivatives	5,248	91,132	1,462	(9,369)	88,473
of which interest rate products	–	42,865	157	(1,775)	41,247
of which foreign exchange products	19	20,610	5	–	20,634
of which equity/index-related products	5,221	22,965	1,072	(7,594)	21,664
of which credit derivatives	–	4,380	228	–	4,608
of which other derivative products	8	312	–	–	320
Other	3	–	–	–	3
Trading financial liabilities mandatorily at fair value through profit or loss	8,881	93,057	1,490	(10,031)	93,397
Securities sold under resale agreements and securities borrowing transactions	–	21,469	–	(6,279)	15,190
Borrowings	–	1,766	242	–	2,008
Debt in issuance	–	6,426	1,962	–	8,388
Other financial liabilities designated at fair value through profit or loss	117	1,459	7	–	1,583
Financial liabilities designated at fair value through profit or loss	117	31,120	2,211	(6,279)	27,169
Total liabilities at fair value	8,998	124,177	3,701	(16,310)	120,566
Net assets/liabilities at fair value	7,914	3,454	(1,477)	347	10,238

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

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

As at 31 December 2022 (Bank)	Level 1	Level 2	Level 3	Impact of netting ¹	Total at fair value
Assets (USD million)					
Debt securities	2,862	4,806	580	–	8,248
Equity securities	8,266	596	373	–	9,235
Derivatives	5,681	92,508	1,104	(9,105)	90,188
of which interest rate products	8	43,274	216	(1,662)	41,836
of which foreign exchange products	19	21,741	144	–	21,904
of which equity/index-related products	5,651	22,480	572	(7,443)	21,260
of which credit derivatives	–	4,722	172	–	4,894
of which other derivative products	3	291	–	–	294
Other	–	246	70	–	316
Trading financial assets mandatorily at fair value through profit or loss	16,809	98,156	2,127	(9,105)	107,987
Securities purchased under resale agreements and securities borrowing transactions	–	27,885	–	(6,792)	21,093
Loans	–	738	28	(66)	700
Other non-trading financial assets mandatorily at fair value through profit or loss	104	358	3	–	465
Non-trading financial assets mandatorily at fair value through profit or loss	104	28,981	31	(6,858)	22,258
Total assets at fair value	16,913	127,137	2,158	(15,963)	130,245

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

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

As at 31 December 2022 (Bank)	Level 1	Level 2	Level 3	Impact of netting ¹	Total at fair value
Liabilities (USD million)					
Debt securities	771	1,249	20	–	2,040
Equity securities	2,859	676	8	(662)	2,881
Derivatives	5,248	91,396	1,462	(9,369)	88,737
of which interest rate products	–	42,809	157	(1,775)	41,191
of which foreign exchange products	19	20,610	5	–	20,634
of which equity/index-related products	5,221	22,963	1,072	(7,594)	21,662
of which credit derivatives	–	4,702	228	–	4,930
of which other derivative products	8	312	–	–	320
Other	3	–	–	–	3
Trading financial liabilities mandatorily at fair value through profit or loss	8,881	93,321	1,490	(10,031)	93,661
Securities sold under resale agreements and securities borrowing transactions	–	21,470	–	(6,279)	15,191
Borrowings	–	1,208	242	–	1,450
Debt in issuance	–	6,210	1,898	–	8,108
Other financial liabilities designated at fair value through profit or loss	117	1,459	7	–	1,583
Financial liabilities designated at fair value through profit or loss	117	30,347	2,147	(6,279)	26,332
Total liabilities at fair value	8,998	123,668	3,637	(16,310)	119,993
Net assets/liabilities at fair value	7,915	3,469	(1,479)	347	10,252

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

Transfers between Level 1 and Level 2

USD million	2023			2022
	Transfers out of Level 1 to Level 2	Transfers to Level 1 out of Level 2	Transfers out of Level 1 to Level 2	Transfers to Level 1 out of Level 2
Assets				
Trading financial assets mandatorily at fair value through profit or loss	67	1,982	148	6,462
Total transfers in assets at fair value	67	1,982	148	6,462
Liabilities				
Trading financial liabilities mandatorily at fair value through profit or loss	16	2,217	36	7,792
Total transfers in liabilities at fair value	16	2,217	36	7,792

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

The transfers from Level 2 to Level 1 are mainly driven by the transfer of exchange traded options as they moved closer to

maturity and the instrument becomes observable. All transfers were reported at the end of the reporting period.

Movements of Level 3 instruments

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

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

Group	Balance as at 1 January 2023	Transfers in	Transfers out	Purchases	Sales	Issuances ²	Settlements ²	Trading revenues		Balance as at 31 December 2023
								On transfers in/out ¹	On all other	
Assets at fair value (USD million)										
Debt securities	645	82	(70)	660	(1,048)	–	–	(22)	(147)	100
Equity securities	374	25	(39)	8	(200)	–	–	(2)	(26)	140
Derivatives	1,104	513	(521)	–	–	483	(645)	81	(112)	903
of which interest rate products	216	33	(35)	–	–	41	(68)	(1)	(3)	183
of which foreign exchange products	144	17	(11)	–	–	26	(45)	3	43	177
of which equity/index-related products	572	264	(373)	–	–	349	(402)	78	(148)	340
of which credit derivatives	172	199	(102)	–	–	67	(130)	1	(4)	203
of which other derivative products	–	–	–	–	–	–	–	–	–	–
Other	70	3	(54)	1	(10)	–	(12)	1	4	3
Trading financial assets mandatorily at fair value through profit or loss	2,193	623	(684)	669	(1,258)	483	(657)	58	(281)	1,146
Loans	28	27	–	–	(3)	–	(17)	–	8	43
Other non-trading financial assets mandatorily at fair value through profit or loss	3	6	–	–	(4)	–	(7)	7	–	5
Non-trading financial assets mandatorily at fair value through profit or loss	31	33	–	–	(7)	–	(24)	7	8	48
Total assets at fair value	2,224	656	(684)	669	(1,265)	483	(681)	65	(273)	1,194

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

² Issuance of derivatives is where cash is paid on a derivative contract. Settlement of derivatives is where cash is received on a derivative contract.

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

Group	Balance as at 1 January 2023	Transfers in	Transfers out	Purchases	Sales	Issuances ²	Settlements ²	Trading revenues		Balance as at 31 December 2023
								On transfers in/out ¹	On all other	
Liabilities at fair value (USD million)										
Debt securities	20	–	–	–	–	–	–	–	(20)	–
Equity securities	8	–	–	–	(51)	–	–	–	48	5
Derivatives	1,462	439	(660)	–	–	475	(1,260)	212	(21)	647
of which interest rate products	157	26	(18)	–	–	26	(125)	12	8	86
of which foreign exchange products	5	10	(13)	–	–	5	(6)	1	3	5
of which equity/index-related products	1,072	244	(559)	–	–	408	(946)	197	(58)	358
of which credit derivatives	228	159	(70)	–	–	36	(183)	2	26	198
of which other derivative products	–	–	–	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–	–	–	–
Trading financial liabilities mandatorily at fair value through profit or loss	1,490	439	(660)	–	(51)	475	(1,260)	212	7	652
Borrowings	242	15	(37)	–	–	47	(212)	(95)	43	3
Debt in issuance	1,962	124	(221)	–	–	55	(1,695)	13	17	255
Other financial liabilities designated at fair value through profit or loss	7	–	(1)	–	(1)	–	–	(1)	–	4
Financial liabilities designated at fair value through profit or loss	2,211	139	(259)	–	(1)	102	(1,907)	(83)	60	262
Total liabilities at fair value	3,701	578	(919)	–	(52)	577	(3,167)	129	67	914
Net assets/liabilities at fair value	(1,477)	78	235	669	(1,213)	(94)	2,486	(64)	(340)	280

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

² Issuance of derivatives is where cash is received on a derivative contract. Settlement of derivatives is where cash is paid on a derivative contract.

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

Bank	Balance as at 1 January 2023	Transfers in	Transfers out	Purchases	Sales	Issuances ²	Settlements ²	Trading revenues		Balance as at 31 December 2023
								On transfers in/out ¹	On all other	
Assets at fair value (USD million)										
Debt securities	580	82	(70)	656	(1,047)	–	–	(22)	(97)	82
Equity securities	373	25	(38)	8	(200)	–	–	(2)	(26)	140
Derivatives	1,104	513	(522)	–	–	483	(644)	81	(112)	903
of which interest rate products	216	33	(35)	–	–	41	(68)	(1)	(3)	183
of which foreign exchange products	144	17	(12)	–	–	26	(44)	3	43	177
of which equity/index-related products	572	264	(373)	–	–	349	(402)	78	(148)	340
of which credit derivatives	172	199	(102)	–	–	67	(130)	1	(4)	203
of which other derivative products	–	–	–	–	–	–	–	–	–	–
Other	70	3	(54)	1	(10)	–	(12)	1	4	3
Trading financial assets mandatorily at fair value through profit or loss	2,127	623	(684)	665	(1,257)	483	(656)	58	(231)	1,128
Loans	28	27	–	–	(3)	–	(17)	–	8	43
Other non-trading financial assets mandatorily at fair value through profit or loss	3	6	–	–	(4)	–	(7)	7	–	5
Non-trading financial assets mandatorily at fair value through profit or loss	31	33	–	–	(7)	–	(24)	7	8	48
Total assets at fair value	2,158	656	(684)	665	(1,264)	483	(680)	65	(223)	1,176

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

² Issuance of derivatives is where cash is paid on a derivative contract. Settlement of derivatives is where cash is received on a derivative contract.

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

Bank	Balance as at 1 January 2023	Transfers in	Transfers out	Purchases	Sales	Issuances ²	Settlements ²	Trading revenues		Balance as at 31 December 2023
								On transfers in/out ¹	On all other	
Liabilities at fair value (USD million)										
Debt securities	20	–	–	–	–	–	–	–	(20)	–
Equity securities	8	–	–	–	(51)	–	–	–	48	5
Derivatives	1,462	439	(660)	–	–	475	(1,260)	212	(21)	647
of which interest rate products	157	26	(18)	–	–	26	(125)	12	8	86
of which foreign exchange products	5	10	(13)	–	–	5	(6)	1	3	5
of which equity/index-related products	1,072	244	(559)	–	–	408	(946)	197	(58)	358
of which credit derivatives	228	159	(70)	–	–	36	(183)	2	26	198
of which other derivative products	–	–	–	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–	–	–	–
Trading financial liabilities mandatorily at fair value through profit or loss	1,490	439	(660)	–	(51)	475	(1,260)	212	7	652
Borrowings	242	15	(37)	–	–	47	(212)	(95)	43	3
Debt in issuance	1,898	124	(221)	–	–	52	(1,685)	12	48	228
Other financial liabilities designated at fair value through profit or loss	7	–	(1)	–	(1)	–	–	(1)	–	4
Financial liabilities designated at fair value through profit or loss	2,147	139	(259)	–	(1)	99	(1,897)	(84)	91	235
Total liabilities at fair value	3,637	578	(919)	–	(52)	574	(3,157)	128	98	887
Net assets/liabilities at fair value	(1,479)	78	235	665	(1,212)	(91)	2,477	(63)	(321)	289

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

² Issuance of derivatives is where cash is received on a derivative contract. Settlement of derivatives is where cash is paid on a derivative contract.

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

Group	Balance as at 1 January 2022	Transfers in	Transfers out	Purchases	Sales	Issuances ²	Settlements ²	Trading revenues		Balance as at 31 December 2022
								On transfers in/out ¹	On all other	
Assets at fair value (USD million)										
Debt securities	1,183	318	(464)	3,980	(3,917)	–	–	(94)	(361)	645
Equity securities	613	80	(4)	79	(303)	–	–	–	(91)	374
Derivatives	994	583	(1,653)	–	–	1,047	(938)	637	434	1,104
of which interest rate products	67	33	(30)	–	–	27	(27)	1	145	216
of which foreign exchange products	129	9	(85)	–	–	42	(37)	27	59	144
of which equity/index-related products	476	398	(1,258)	–	–	888	(731)	575	224	572
of which credit derivatives	322	143	(271)	–	–	90	(143)	26	5	172
of which other derivative products	–	–	(9)	–	–	–	–	8	1	–
Other	70	–	–	58	–	–	(129)	–	71	70
Trading financial assets mandatorily at fair value through profit or loss	2,860	981	(2,121)	4,117	(4,220)	1,047	(1,067)	543	53	2,193
Loans	8	6	(14)	71	(10)	96	(124)	–	(5)	28
Other non-trading financial assets mandatorily at fair value through profit or loss	10	46	(56)	7	(2)	–	–	44	(46)	3
Non-trading financial assets mandatorily at fair value through profit or loss	18	52	(70)	78	(12)	96	(124)	44	(51)	31
Total assets at fair value	2,878	1,033	(2,191)	4,195	(4,232)	1,143	(1,191)	587	2	2,224

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

² Issuance of derivatives is where cash is paid on a derivative contract. Settlement of derivatives is where cash is received on a derivative contract.

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

Group	Balance as at 1 January 2022	Transfers in	Transfers out	Purchases	Sales	Issuances ²	Settlements ²	Trading revenues		Balance as at 31 December 2022
								On transfers in/out ¹	On all other	
Liabilities at fair value (USD million)										
Debt securities	5	83	(17)	37	(7)	–	–	3	(84)	20
Equity securities	–	26	(4)	–	(11)	–	–	–	(3)	8
Derivatives	1,901	617	(998)	–	–	679	(731)	264	(270)	1,462
of which interest rate products	24	51	(96)	–	–	30	(17)	25	140	157
of which foreign exchange products	64	5	(82)	–	–	14	(24)	28	–	5
of which equity/index-related products	1,469	347	(570)	–	–	564	(504)	184	(418)	1,072
of which credit derivatives	344	214	(241)	–	–	71	(186)	19	7	228
of which other derivative products	–	–	(9)	–	–	–	–	8	1	–
Other	–	–	–	–	–	–	–	–	–	–
Trading financial liabilities mandatorily at fair value through profit or loss	1,906	726	(1,019)	37	(18)	679	(731)	267	(357)	1,490
Borrowings	433	31	(128)	–	–	181	(238)	–	(37)	242
Debt in issuance	2,355	355	(775)	–	–	533	(371)	(89)	(46)	1,962
Other financial liabilities designated at fair value through profit or loss	22	131	(138)	9	(46)	–	–	85	(56)	7
Financial liabilities designated at fair value through profit or loss	2,810	517	(1,041)	9	(46)	714	(609)	(4)	(139)	2,211
Total liabilities at fair value	4,716	1,243	(2,060)	46	(64)	1,393	(1,340)	263	(496)	3,701
Net assets/liabilities at fair value	(1,838)	(210)	(131)	4,149	(4,168)	(250)	149	324	498	(1,477)

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

² Issuance of derivatives is where cash is received on a derivative contract. Settlement of derivatives is where cash is paid on a derivative contract.

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

Bank	Balance as at 1 January 2022	Transfers in	Transfers out	Purchases	Sales	Issuances ²	Settlements ²	Trading revenues		Balance as at 31 December 2022
								On transfers in/out ¹	On all other	
Assets at fair value (USD million)										
Debt securities	1,183	318	(464)	3,946	(3,916)	–	–	(94)	(393)	580
Equity securities	598	80	(4)	79	(303)	–	–	–	(77)	373
Derivatives	994	583	(1,653)	–	–	1,047	(938)	637	434	1,104
of which interest rate products	67	33	(30)	–	–	27	(27)	1	145	216
of which foreign exchange products	129	9	(85)	–	–	42	(37)	27	59	144
of which equity/index-related products	476	398	(1,258)	–	–	888	(731)	575	224	572
of which credit derivatives	322	143	(271)	–	–	90	(143)	26	5	172
of which other derivative products	–	–	(9)	–	–	–	–	8	1	–
Other	70	–	–	58	–	–	(129)	–	71	70
Trading financial assets mandatorily at fair value through profit or loss	2,845	981	(2,121)	4,083	(4,219)	1,047	(1,067)	543	35	2,127
Loans	29	6	(14)	71	(31)	96	(124)	–	(5)	28
Other non-trading financial assets mandatorily at fair value through profit or loss	10	46	(56)	7	(1)	–	–	44	(47)	3
Non-trading financial assets mandatorily at fair value through profit or loss	39	52	(70)	78	(32)	96	(124)	44	(52)	31
Total assets at fair value	2,884	1,033	(2,191)	4,161	(4,251)	1,143	(1,191)	587	(17)	2,158

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

² Issuance of derivatives is where cash is paid on a derivative contract. Settlement of derivatives is where cash is received on a derivative contract.

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

Bank	Balance as at 1 January 2022	Transfers in	Transfers out	Purchases	Sales	Issuances ²	Settlements ²	Trading revenues		Balance as at 31 December 2022
								On transfers in/out ¹	On all other	
Liabilities at fair value (USD million)										
Debt securities	5	83	(17)	37	(7)	–	–	3	(84)	20
Equity securities	–	26	(4)	–	(11)	–	–	–	(3)	8
Derivatives	1,901	617	(998)	–	–	679	(731)	264	(270)	1,462
of which interest rate products	24	51	(96)	–	–	30	(17)	25	140	157
of which foreign exchange products	64	5	(82)	–	–	14	(24)	28	–	5
of which equity/index-related products	1,469	347	(570)	–	–	564	(504)	184	(418)	1,072
of which credit derivatives	344	214	(241)	–	–	71	(186)	19	7	228
of which other derivative products	–	–	(9)	–	–	–	–	8	1	–
Other	–	–	–	–	–	–	–	–	–	–
Trading financial liabilities mandatorily at fair value through profit or loss	1,906	726	(1,019)	37	(18)	679	(731)	267	(357)	1,490
Borrowings	433	31	(127)	–	–	181	(238)	(31)	(7)	242
Debt in issuance	2,350	355	(775)	–	–	472	(367)	(90)	(47)	1,898
Other financial liabilities designated at fair value through profit or loss	22	131	(138)	9	(46)	–	–	85	(56)	7
Financial liabilities designated at fair value through profit or loss	2,805	517	(1,040)	9	(46)	653	(605)	(36)	(110)	2,147
Total liabilities at fair value	4,711	1,243	(2,059)	46	(64)	1,332	(1,336)	231	(467)	3,637
Net assets/liabilities at fair value	(1,827)	(210)	(132)	4,115	(4,187)	(189)	145	356	450	(1,479)

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

² Issuance of derivatives is where cash is received on a derivative contract. Settlement of derivatives is where cash is paid on a derivative contract.

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

Group and Bank	2023	2022
Trading revenues (USD million)		
Net realised/unrealised (losses)/gains included in net revenues	(404) ¹	822 ¹
Whereof:		
Trading financial assets mandatorily at fair value through profit or loss	138	572
Non-trading financial assets mandatorily at fair value through profit or loss	4	(1)
Trading financial liabilities mandatorily at fair value through profit or loss	(187)	(100)
Financial liabilities designated at fair value through profit or loss	31	3
Total changes in unrealised (losses)/gains relating to assets and liabilities still held as of the reporting date	(14)	474

¹ Bank loss of USD 384 million (2022: USD 806 million gain)

Both observable and unobservable inputs may be used to determine the fair value of positions that have been classified within Level 3. As a result, the unrealised gains and losses from assets and liabilities within Level 3 presented in the previous table may include changes in fair value that were attributable to both observable and unobservable inputs.

The CSi group employs various economic hedging techniques in order to manage risks, including risks in Level 3 positions. Such techniques may include the purchase or sale of financial instruments that are classified in Levels 1 and/or 2. The realised and unrealised gains and losses for assets and liabilities in Level 3 presented in the previous table do not reflect the related realised or unrealised gains and losses arising on economic hedging instruments classified in Levels 1 and/or 2.

Transfers in and out of Level 3

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

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

Qualitative disclosures of valuation techniques

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

On a monthly basis, meetings are held for each business line with senior representatives of the Front Office and Product Control to discuss independent price verification results, valuation adjustments, and other significant valuation issues. On a quarterly basis, a review of significant changes in the fair value of financial instruments is undertaken by Product Control and conclusions are reached regarding the reasonableness of those changes. Additionally, on a quarterly basis, meetings are held for each business line with senior representatives of the Front Office, Product Control, Risk Management, and Group Finance to discuss independent price verification results, valuation issues, business and market updates, as well as a review of significant changes in fair value from the prior quarter, significant unobservable inputs and prices used in valuation techniques, and valuation adjustments.

The results of these meetings are aggregated for presentation to the Valuation and Risk Management Committee ('VARMC') and the Audit Committee. The VARMC, which is comprised of the heads of the business and control functions, meets to review and ratify valuation review conclusions, and to resolve significant valuation issues for the CSi group. VARMC includes a formal CSi voting sub-committee comprising the CEO CSi, CFO CSi and CRO CSi, who ratify decisions relevant to the entity. Oversight of the valuation control framework is through specific and regular reporting on valuation directly to the CSi Board through the VARMC.

One of the key components of the governance process is the segregation of duties between the Front Office and Product Control. The Front Office is responsible for measuring inventory at fair value on a daily basis, while Product Control is responsible for independently reviewing and validating those valuations on a periodic basis. The Front Office values the inventory using, wherever possible, observable market data which may include executed transactions, dealer quotes, or broker quotes for the same or similar instruments. Product Control validates this inventory using independently sourced data that also includes executed transactions, dealer quotes, and broker quotes.

Product Control utilises independent pricing service data as part of their review process. Independent pricing service data is analysed to ensure that it is representative of fair value including confirming that the data corresponds to executed transactions or executable broker quotes, review and assessment of contributors

to ensure they are active market participants, review of statistical data and utilisation of pricing challenges. The analysis also includes understanding the sources of the pricing service data and any models or assumptions used in determining the results. The purpose of the review is to judge the quality and reliability of the data for fair value measurement purposes and its appropriate level of usage within the Product Control independent valuation review.

For certain financial instruments the fair value is estimated in full or in part using valuation techniques based on assumptions that are not supported by market observable prices, rates, or other inputs. In addition, there may be uncertainty about a valuation, which results from the choice of valuation technique or model used, the assumptions embedded in those models, the extent to which inputs are not market observable, or as a consequence of other elements affecting the valuation technique or model. Model calibration is performed when significant new market information becomes available or at a minimum on a quarterly basis as part of the business review of significant unobservable inputs for level 3 instruments. For models that have been deemed to be significant to the overall fair value of the financial instrument, model validation is performed as part of the periodic review of the related model.

The CSi group performs a sensitivity analysis of its significant level 3 financial instruments. This sensitivity analysis estimates a fair value range by changing the related significant unobservable inputs value. Where a model-based technique is used to determine the fair value of the level 3 financial instrument, an alternative input value is utilised to derive an estimated fair value range. Where a price-based technique is used to determine the fair value of the level 3 financial instrument, Front Office professional judgement is used to estimate a fair value range.

The following information on the valuation techniques and significant unobservable inputs of the various financial instruments, and the sensitivity of fair value measurements to changes in significant unobservable inputs, should be read in conjunction with the table "Quantitative disclosure of valuation techniques".

Securities purchased/sold under resale/repurchase agreements and securities borrowing/lending transactions

Securities purchased under resale agreements and securities sold under repurchase agreements are measured at fair value using discounted cash flow analysis. Future cash flows are discounted using observable market interest rate repurchase/resale curves for the applicable maturity and underlying collateral of the instruments. As such, the significant majority of both securities purchased under resale agreements and securities sold under repurchase agreements are included in Level 2 of the fair value hierarchy. Structured resale and repurchase agreements include embedded derivatives, which are measured using the same techniques as described below for stand-alone derivative contracts held for trading purposes or used in hedge accounting relationships.

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

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

Debt securities

Foreign governments and corporates

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

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

Equity securities

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

depreciation and amortisation, ('EBITDA') multiple and discount rate.

Derivatives

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

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

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

Interest rate derivatives

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

Foreign exchange derivatives

Foreign exchange derivatives include vanilla products such as spot, forward and option contracts where the anticipated

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

Equity and index-related derivatives

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

Credit derivatives

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

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

Other Trading Assets

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

Other financial assets designated at fair value through profit or loss

Loans

The CSi group's loan portfolio which is measured at fair value primarily consists of commercial and industrial loans, loans to government and public institutions, and loans to financial institutions. These categories include commercial loans, real estate loans, corporate loans, leverage finance loans and emerging market loans. Fair value is based on recent transactions and quoted prices, where available. Where recent transactions and quoted prices are not available, fair value may be determined by relative value benchmarking (which includes pricing based upon another position in the same capital structure, other comparable loan issues, generic industry credit spreads, implied credit spreads derived from CDS for the specific borrower, and enterprise valuations) or calculated based on the exit price of the collateral, based on current market conditions.

Both the funded and unfunded portion of revolving credit lines on the corporate lending portfolio are valued using a CDS pricing model, which requires estimates of significant inputs including

credit spreads, recovery rates, credit conversion factors, and weighted average life of the loan. Significant unobservable inputs may include credit spread and market comparable price and mortality rate.

Short-term borrowings and long-term debt

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

Other financial liabilities designated at fair value through profit or loss

Failed sales

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

Sensitivity of fair value measurements to changes in significant unobservable inputs

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

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

Interrelationships between significant unobservable inputs

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

Quantitative information about level 3 assets and liabilities at fair value

The following tables provide the representative range and the associated weighted average of each significant unobservable

input for level 3 assets and liabilities by the related valuation technique most significant to the related financial instrument.

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

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

As at 31 December 2022 Group (USD million except as indicated)	Fair Value	Valuation technique	Unobservable input	Lower value	Upper value	Weighted average
Assets at fair value						
Debt securities	645					
of which	46	Option model	Correlation, in %	(50)	100	75
	4		Buyback probability, in %	50	100	76
	100		Credit spread, in bp	27	358	326
	5		Fund Gap Risk, in %	–	1	–
	24		Mean reversion, in %	25	25	25
	366		Volatility, in %	5	148	24
of which	16	Discounted cash flow	Credit spread in bp	10	750	347
of which	57	Market comparable	Price in %	–	99	50
	17		Price, in actuals	1	218	29
of which	4	Price	Price in %	30	100	60
Equity securities	374					
of which	59	Price	Price, in actuals	–	1,197	16
	320		Unadjusted NAV	1	54,565	1,432
Derivatives	1,104					
of which interest rate products	216					
of which	8	Option model	Correlation in %	9	78	52
	175		Mean reversion, in %	(21)	25	21
	5		Contingent probability, in %	95	95	95
	8		Prepayment rate in %	6	19	10
	13		Volatility, in %	(3)	148	4
of which	1	Discounted Cash Flow	Volatility, in %	95	110	103
of which foreign exchange products	144					
of which	4	Option model	Correlation, in %	(50)	100	55
	129		Mean reversion, in %	(55)	20	(5)
of which	6	Discounted Cash Flow	Credit spread, in bp	17	209	168
of which equity/index-related products	572					
of which	1	Option model	Buyback probability, in %	50	100	76
	245		Correlation, in %	(50)	100	75
	10		Fund Gap Risk, in %	–	1	–
	–		Gap risk, in %	–	2	–
	–		Mean reversion, in %	25	25	25
	304		Volatility, in %	5	148	24
	2		Dividend Yield, in %	–	13	5
of which	9	Price	Price, in actuals	–	1,197	28
of which credit derivatives	172					
of which	96	Discounted cash flow	Credit spread, in bp	3	2,078	242
	63		Discount Rate, in %	6	13	11
	–		Recovery rate, in %	25	25	25
of which	4	Price	Price, in %	102	102	102
of which commodity, emission and energy products	–					
of which	–	Option Model	Volatility, in %	5	148	24
of which precious metals products	–					
of which	1	Option Model	Correlation, in %	(50)	100	75
of which other derivative product	–					
of which	(1)	Discounted cash flow	Discount Rate, in %	–	–	–
Other	70					
of which trading	1	Discounted cash flow	Tax Swap rate (Percentage of VAT receivable PV)	30	30	30
	69	Market comparable	Price, in %	–	97	90
of which other	–	Market Comparable	Price, in %	–	10	10
	2	Discounted cash flow	Credit spread in bp	–	35	27
Loans	28					
of which	24	Price	Price in %	74	74	74

As at 31 December 2022 Group (USD million except as indicated)	Fair Value	Valuation technique	Unobservable input	Lower value	Upper value	Weighted average
Liabilities at fair value						
Debt	20					
of which	20	Price	Price, in %	30	100	41
Equity securities	8					
of which	8	Price	Price, in actuals	–	1,197	28
Derivatives	1,462					
of which interest rate products	157					
of which	–	Option model	Correlation, in %	9	20	13
	(27)		Mean reversion, in %	(21)	25	4
	(5)		Prepayment rate, in %	7	19	8
	(5)		Contingent probability, in %	95	95	95
	(89)		Volatility, in %	(3)	1	–
of which	(20)	Discounted cash flow	Discount Rate, in %	–	–	–
	(1)		Volatility, in %	95	110	103
of which foreign exchange products	5					
of which	(2)	Discounted cash flow	Credit spread, in bp	77	468	123
	(1)	Option model	Correlation, in %	55	55	55
	–		Mean reversion, in %	(55)	20	(3)
of which equity/index-related products	1,072					
of which	–	Option model	Buyback probability, in %	50	100	76
	(38)		Correlation, in %	(50)	100	68
	–		Fund Gap Risk, in %	–	1	–
	(997)		Volatility, in %	5	148	24
	(3)		Dividend Yield, in %	–	13	5
of which	(33)	Price	Price, in actuals	–	1,197	28
of which	(1)	Market Comparable	Price, in actuals	(1)	(1)	(1)
of which credit derivatives	228					
of which	(134)	Discounted cash flow	Credit spread, in bp	3	2,149	332
	(63)		Discount Rate, in %	6	17	11
	(20)		Recovery rate, in %	–	–	–
of which	(2)	Price	Price, in %	74	102	102
of which	(7)	Option model	Credit spread, in bp	47	1,528	194
Debt in issuance	1,962					
of which structured notes over two years	1,727					
of which	1,490	Discounted cash flow	Credit spread, in bp	250	250	250
of which	110	Option model	Buyback probability, in %	50	100	76
	23		Correlation, in %	(50)	100	74
	10		Fund Gap Risk, in %	–	1	–
	78		Unadjusted NAV	1	54,565	1,432
	16		Volatility, in %	5	148	17
of which other debt instruments over two years	73					
of which	72	Option model	Buyback probability, in %	50	100	76
of which	1	Market Comparable	Price, in actuals	218	218	218
of which structured notes between one and two years	71					
of which	6	Option model	Buyback probability, in %	50	100	76
	63		Correlation, in %	(50)	100	75
	2		Gap risk, in %	–	2	–
	1		Volatility, in %	5	148	24
	–		Volatility, in %	–	–	–
of which other debt instruments between one and two years	27					
of which	27	Option Model	Unadjusted NAV	1	54,565	1,432
of which non-recourse liabilities	64					
of which	64	Market Comparable	Price, in %	(1)	26	9
Borrowings	242					
of which	165	Option model	Buyback probability, in %	50	100	76
	78		Correlation, in %	(50)	100	75
	–		Volatility, in %	5	148	24
Other Financial liabilities designated at fair value	7					
of which failed sales	–					
of which	–	Market Comparable	Price, in %	–	1	1
of which other	7					
of which loan commitment at fair value	–	Option Model	Contingent probability, in %	95	95	95
	3	Market comparable	Price in %	–	93	43

Qualitative discussion of the ranges of significant unobservable inputs

The following sections provide further information about the ranges of significant unobservable inputs included in the tables above. The level of aggregation and diversity within the financial instruments disclosed in the tables above result in certain ranges of significant inputs being wide and unevenly distributed across asset and liability categories.

Discount rate

The discount rate is the rate of interest used to calculate the present value of the expected cash flows of a financial instrument. There are multiple factors that will impact the discount rate for any given financial instrument including the coupon on the instrument, the term and the underlying risk of the expected cash flows. Two instruments of similar term and expected cash flows may have significantly different discount rates because the coupons on the instruments are different.

Credit spread and recovery rate

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

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

Correlation

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

Prepayment rate

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

Volatility and volatility skew

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

Price

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

Buyback probability

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

Funding Gap Risk and Gap Risk

Gap risk is a significant unobservable input for structures that exhibit market risk to jumps in a reference asset, generally related to certain financing or principal protection trade features.

Mean Reversion

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

Funding Spread

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

Contingent Probability

Contingent probability is the primary significant unobservable input for contingent foreign exchange forward trades where the delivery or exercise and the premium payment are contingent on an event such as completion of an M&A deal or regulatory approval for a product.

Equity Dividend Yield

An equity forward price is a material component for measuring the fair value of a contract using forward, swap or option pricing models. The forward is generally constructed from expected future dividend payments and their timing, as well as the relevant funding rate for the given asset. Dividend yields are generally quoted as annualised percentages.

Tax Swap Rate

The Tax Swap Rate parameter is the interest rate applicable to tax refunds from the Italian tax office, determined annually by the Italian tax authorities and payable to the claimant when refund is made.

Unadjusted NAV

NAV values are used to price fund units and as an input into fund derivatives. They are considered unobservable when based on NAV statements or estimates received directly from the fund, as opposed to published on a broad market platform, or with a lag to the reporting date.

Sensitivity of fair values to reasonably possible alternative assumptions

The fair value of certain financial instruments recognised in the consolidated financial statements is dependent in part or fully upon unobservable parameters which may include market inputs, prices or other data.

The following table summarises the sensitivity of these financial instruments to reasonable changes in the assumptions underlying these parameters:

Group and Bank	As at 31 December 2023		As at 31 December 2022	
	Favourable changes	Unfavourable changes	Favourable changes	Unfavourable changes
Impact on net income/(loss) (USD million)				
Derivative assets and liabilities	159	(150)	248	(246)
Debt and equity securities	3	(3)	3	(3)
Loans	11	(4)	11	(5)
Other	17	(15)	–	–
Total	190	(172)	262	(254)

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

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

Asset backed securities, loans and derivatives include CMBS, ABS CDO and balance guaranteed swap positions. CMBS sensitivities are calculated by subjecting the prices of the positions to a 5% movement up and down. ABS CDO positions were subjected to sensitivities to underlying asset prices, as well as recovery rates on the underlying assets. The underlying asset prices were subjected to a range of downward movements with no movement up. Balance guaranteed swap positions were subjected to sensitivities on prepayment speeds which were estimated based on management's assessment of fast/slow notional bands for movements up and down.

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

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

Recognition of trade date profit

If there are significant unobservable inputs used in the valuation technique, the financial instrument is recognised at the transaction price and any profit or loss implied from the valuation technique at the inception of the transaction is deferred over the period until the fair value becomes observable or over the life of the trade, whichever is shorter. At the inception of the transaction, a profit or loss is recognised if the fair value of the financial instrument is based on a valuation technique that uses significantly observable inputs or if the fair value is obtained from a quoted market price in an active market.

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

	2023	2022
Deferred trade date profit (USD million)		
Balance at the beginning of period	472	519
Increase due to new trades	48	160
Reduction due to passage of time	(58)	(91)
Reduction due to redemption, sales, transfers or improved observability	(233)	(116)
Balance at the end of period	229	472

Fair Value of financial instruments not recognised at fair value by level of fair value hierarchy

Certain short-term financial instruments are not carried at fair value on the balance sheet, but a fair value has been disclosed in the table "Carrying value and fair value of financial instruments

not carried at fair value" below. These instruments include: cash and due from banks, Interest-bearing deposits with banks, Securities purchased under resale agreements and securities borrowing transactions, cash collateral receivables and payables, other receivables and payables arising in the ordinary course of business (included in Other Assets and Other Liabilities), Due to banks, Securities sold under repurchase agreements and securities lending transactions and Borrowings.

For these financial instruments, the carrying value approximates the fair value due to the relatively short period of time between their origination and expected realisation, as well as the minimal credit risk inherent in these instruments. The Loans and advances and Debt in issuance instruments are long dated with greater than one year original maturity and have met the IFRS 9 – Solely Payments of Principal and Interest ('SPPI') test, therefore, are carried at amortised cost on the balance sheet and their calculated fair value is disclosed in the below table.

As at 31 December 2023
Group (USD million)

	Level 1	Level 2	Level 3	Fair value
Financial assets				
Cash and due from banks	754	2,873	–	3,627
Interest-bearing deposits with banks	–	8,319	–	8,319
Securities purchased under resale agreements and securities borrowing transactions	–	1,304	–	1,304
Loans and advances	–	499	2,755	3,254
Other assets	–	16,977	–	16,977
Total fair value of financial assets	754	29,972	2,755	33,481
Financial liabilities				
Due to banks	31	–	–	31
Securities sold under repurchase agreements and securities lending transactions	–	358	–	358
Borrowings	–	12,622	–	12,622
Debt in issuance	–	5,728	2,397	8,125
Other financial liabilities	–	8,604	–	8,604
Total fair value of financial liabilities	31	27,312	2,397	29,740

As at 31 December 2023
Bank (USD million)

Financial assets				
Cash and due from banks	743	2,873	–	3,616
Interest-bearing deposits with banks	–	8,319	–	8,319
Securities purchased under resale agreements and securities borrowing transactions	–	1,304	–	1,304
Loans and advances	–	499	2,755	3,254
Other assets	–	16,977	–	16,977
Total fair value of financial assets	743	29,972	2,755	33,470
Financial liabilities				
Due to banks	31	–	–	31
Securities sold under repurchase agreements and securities lending transactions	–	358	–	358
Borrowings	–	12,622	–	12,622
Debt in issuance	–	5,728	2,397	8,125
Other financial liabilities	–	8,604	–	8,604
Total fair value of financial liabilities	31	27,312	2,397	29,740

As at 31 December 2022
Group (USD million)

	Level 1	Level 2	Level 3	Fair value
Financial assets				
Cash and due from banks	4,143	6	–	4,149
Interest-bearing deposits with banks	–	12,085	–	12,085
Securities purchased under resale agreements and securities borrowing transactions	–	10,527	–	10,527
Loans and advances	–	183	2,534	2,717
Other assets	–	21,178	–	21,178
Total fair value of financial assets	4,143	43,979	2,534	50,656

Financial liabilities

Due to banks	266	–	–	266
Securities sold under repurchase agreements and securities lending transactions	–	2,924	–	2,924
Borrowings	–	6,025	–	6,025
Debt in issuance	–	18,079	–	18,079
Other financial liabilities	–	16,379	–	16,379
Total fair value of financial liabilities	266	43,407	–	43,673

As at 31 December 2022
Bank (USD million)

	Level 1	Level 2	Level 3	Fair value
Financial assets				
Cash and due from banks	4,127	6	–	4,133
Interest-bearing deposits with banks	–	12,085	–	12,085
Securities purchased under resale agreements and securities borrowing transactions	–	10,527	–	10,527
Loans and advances	–	183	2,534	2,717
Other assets	–	21,178	–	21,178
Total fair value of financial assets	4,127	43,979	2,534	50,640

Financial liabilities

Due to banks	266	–	–	266
Securities sold under repurchase agreements and securities lending transactions	–	2,924	–	2,924
Borrowings	–	6,025	–	6,025
Debt in issuance	–	18,079	–	18,079
Other financial liabilities	–	16,379	–	16,379
Total fair value of financial liabilities	266	43,407	–	43,673

37 Assets Pledged or Assigned

The following table sets forth details of assets pledged or assigned:

Group and Bank	2023	2022
Assets pledged or assigned (USD million)		
Trading financial assets at fair value through profit or loss ¹	3,742	10,616
Collateral received (USD million)		
Fair value of collateral received with the right to resell or repledge ²	32,676	61,221
Of which sold or repledged ³	15,844	47,467

¹ Includes USD 779 million (2022 : USD 1,197 million) assets recognised on the balance sheet but are encumbered due to failed sale financing transactions.

² Includes USD 283 million (2022 : USD 102 million) of collateral assets received from failed purchased financing transactions.

³ Includes USD 163 million (2022: USD 100 million) collateral assets not already recognised on the balance sheet relating to failed sale financing transactions.

Assets pledged or assigned represents the balance sheet position of trading assets mandatorily at fair value through profit or loss which have been pledged as collateral under securities sold under repurchase agreements, securities lending transactions and derivatives transactions. Refer to Note 17 – Trading Financial Assets and Liabilities Mandatorily at Fair Value through Profit or Loss for the amount of securities transferred which are encumbered. Certain assignments of assets that are recognised on the balance sheet, may represent legal form sales but CSi group maintains continuing involvement with the assigned assets through a related financial instrument.

As at 31 December 2023 and 2022 collateral was received in connection with failed purchased financing transactions, resale agreements, securities borrowings and loans, derivative transactions and margined broker loans. As at these dates, a substantial portion of the collateral received by the CSi group had been sold or repledged in connection with repurchase agreements,

securities sold not yet purchased, securities lent, pledges to clearing organisations, segregation requirements under securities laws and regulations, derivative transactions and bank loans. Certain securities received and subsequently resold by CSi group may represent legal form sales but CSi group maintains continuing involvement with the resold assets through a related financial instrument.

These transactions were generally conducted under terms that are usual and customary for standard securitised lending activities and the other transactions described. The CSi group, as the secured party, has the right to sell or repledge such collateral, subject to the CSi group returning equivalent securities upon completion of the transaction.

The CSi group enters into agreements with counterparties where collateral or security interests in positions, which the CSi group holds, has been provided. This includes situations where the CSi group has registered charges to certain counterparties over the CSi group's assets in connection with its normal operating activities.

Transferred Financial Assets that are derecognised with continuing involvement

Where the transfer of a financial asset meets the derecognition criteria under IFRS 9, the CSi group may have continuing involvement in a financial asset that has been derecognised. The continuing involvement can take several forms, including but not limited to derivative instruments and debt instruments issued by structured entities to which the asset has been transferred. In addition, the CSi group does not have a continuing involvement in a transferred financial asset if, as part of the transfer, the CSi group neither retains any of the contractual rights or obligations inherent in the transferred financial asset nor acquires any new contractual rights or obligations relating to the transferred financial asset. The CSi group does not have continuing involvement in a transferred financial asset if it has neither an interest in the future performance of the transferred financial asset nor a responsibility under any circumstances to make payments in respect of the transferred financial asset in the future. The CSi group's exposure resulting from continuing involvement in a transferred asset is generally limited to where the CSi group retains any form of rights or obligations relating to the transferred asset.

38 Derecognition

In the normal course of business, the CSi group enters into transactions where it transfers previously recognised financial assets, such as debt securities, equity securities and other financial instruments. The CSi group's accounting policy regarding derecognition of such assets under IFRS 9 is described in Note 2 – Significant Accounting Policies.

The following table below provides information for the transfer of financial assets that qualify for sale accounting and subsequent derecognition, in which the CSi group still has continuing involvement as at 31 December 2023, irrespective of the date when the transfer occurred. The maximum exposure to loss from continuing involvement represents the maximum exposure before taking into account the amount of any collateral held against the continuing involvement.

Information on transferred assets by type of continuing involvement

Type of continuing involvement Group and Bank (USD million)	Carrying amount of continuing involvement in statement of financial position		Fair value of continuing involvement		Maximum exposure to loss	Loss from transfer	(Expense)/Income from continuing involvement	
	Trading financial assets at fair value through profit or loss	Trading financial liabilities at fair value through profit or loss	Assets	Liabilities			For the year ended 31 December	Cumulative to 31 December
	2023							
Derivatives								
Swaps	86	(33)	86	(33)	67	28	(3)	(32)
Total	86	(33)	86	(33)	67	28	(3)	(32)
2022								
Derivatives								
Options	–	(1)	–	(1)	–	–	(1)	(1)
Swaps	93	(38)	93	(38)	56	27	(53)	(18)
Total	93	(39)	93	(39)	56	27	(54)	(19)

The majority of the CSi group's continuing involvement in derecognised transferred financial assets is in the form of derivative transactions. To reduce its credit risk to derivatives, the CSi group enters into legally enforceable netting agreements with its derivative counterparties. Collateral on these derivative contracts is usually posted on a net counterparty basis.

The following table shows a maturity analysis of undiscounted cash outflows that the CSi group may be required to pay to repurchase the asset or any other amounts payable (such as dividends and interest payable) to the counterparty and table includes situations where the CSi group has an option to repurchase the asset. In such instances, where the timing of the cash flows is not specified, the total undiscounted amount has been included in the earliest maturity bucket. Cash outflows to the counterparty may be triggered by credit events.

Maturity analysis of undiscounted cash flows to repurchase transferred assets by type of continuing involvement

Type of continuing involvement Group and Bank (USD million)	Total	On demand
2023		
Derivatives		
Swaps	(23)	(23)
2022		
Derivatives		
Swaps	(30)	(30)

Instruments that are considered to be continuing involvement are included in Note 17 – Trading Financial Assets and Liabilities at Mandatorily Fair Value through Profit or Loss and Note 26 – Debt in Issuance.

Transferred Financial Assets that are not derecognised in their entirety

Certain transactions may include provisions that prevent derecognition of the transferred financial asset and the transfers are accounted for as secured financing transactions. Repurchase agreements, securities lending agreements and total return swaps, in which the CSi group retains substantially all of the associated credit, market, interest rate and foreign exchange risks and rewards associated with the assets, represent the most common examples of such transactions. Where the transfer of an asset does not meet derecognition, it remains on the CSi groups balance sheet with a corresponding liability established to represent an obligation to the counterparty. As part of the CSi group's repurchase agreements and securities lending transactions, there is an obligation to return equivalent securities at the end of the transaction.

The following table provides details of financial assets which have been sold or otherwise transferred, but which do not qualify for derecognition, together with their associated liabilities.

Carrying amount of transferred assets not derecognised and associated liabilities

Group and Bank (USD million)	2023		2022	
	Carrying amount of assets	Carrying amount of associated liabilities	Carrying amount of assets	Carrying amount of associated liabilities
Financial assets not derecognised due to the following transactions				
Repurchase & Securities lending agreements	3,742	3,742	9,419	9,419
Total Return Swaps	792	802	817	846
Callable asset swap	130	146	340	380
Options	26	20	–	–
Other	–	–	148	133

The CSi group also participates in securities lending agreements where the counterparty provides securities as collateral or fees. The carrying amount of the assets not derecognised in such transactions is equal to USD 2,669 million (2022: USD 6,745 million).

Where the CSi group sells the contractual rights to the cash flows of the securities included above, it does not have the ability to use the transferred assets during the term of the arrangement.

The counterparties to the associated liabilities have full recourse to CSi. Assets not derecognised are included in Note 17 – Trading Financial Assets and Liabilities at Mandatorily Fair Value through Profit or Loss and the corresponding liabilities are included in Note 16 – Securities Borrowed, Lent and Purchased/Sold under Resale/Repurchase Agreements and Note 18 – Non-trading Financial Assets Mandatorily at Fair Value Through Profit or Loss and Note 19 – Financial Liabilities Designated at Fair Value Through Profit or Loss.

Of the above, other financial assets not derecognised includes failed sale items including fair value elected items which are shown under Non-Trading Financial Assets Mandatorily at Fair Value Through Profit and Loss in the Consolidated Statement of Financial Position.

39 Financial Risk Management

Risks Detail

i) Market Risk

Overview

Market risk is the risk of loss arising from fair-valued financial instruments in response to adverse changes in interest rates, credit spreads, foreign currency exchange rates, equity and commodity prices, and other relevant parameters, such as market volatilities and correlations. A typical transaction or position in financial instruments may be exposed to a number of different market risk factors.

The Bank has policies and processes in place to ensure that market risk is captured, accurately modelled and reported, and effectively managed. Trading and non-trading portfolios are managed at various organisational levels, from the specific positions up to the overall risk positions at the Bank level. The Bank uses market risk measurement and management methods in line with regulatory and industry standards. These include general tools capable of calculating comparable risk metrics across the Bank's many activities and focused tools that can specifically model the unique characteristics of certain instruments or portfolios. The tools are used for internal market risk management, internal market risk reporting and external disclosure purposes. The principal portfolio measurement tools are Value-at-Risk ('VaR'), Incremental Risk Charge ('IRC'), scenario analysis and sensitivity analysis, which complement each other in measuring the market risk at the Bank. The Bank regularly reviews the risk management techniques and policies to ensure they remain appropriate.

Measurements of traded market risk

VaR, IRC, stress testing and sensitivity analysis are employed to measure traded market risk and are fundamental elements of the Bank's risk control framework. Their results are used in risk appetite discussions and strategic business planning and support the Bank's internal capital adequacy assessment. VaR, IRC, scenario and sensitivity calculations are conducted on a regular basis and the results, trend information and supporting analysis are reported to the Board, senior management and shared and discussed with the business lines.

VaR and other capital metrics

VaR is a risk measure that quantifies the potential loss on a given portfolio of financial instruments over a certain holding period that is expected not to be exceeded at a certain confidence level. Positions are aggregated by risk factors rather than by product. For example, interest rate risk VaR captures potential losses driven by fluctuations of interest rates affecting a wide variety of interest rate products (such as interest rate swaps and swaptions) as well as other products (such as foreign exchange derivatives and equity derivatives) for which interest rate risk is not the primary market risk driver. The use of VaR allows the comparison of risk across different businesses. It also provides a means of aggregating and netting a variety of positions within a portfolio to reflect historical correlations between different assets, allowing for a portfolio diversification benefit. VaR is an important tool in risk management and is used for measuring quantifiable risks from our activities exposed to market risk on a daily basis. In addition, VaR is one of the main risk measures for limit monitoring, financial reporting, calculation of regulatory capital and regulatory backtesting.

The Bank's VaR model is based on historic data moves that derive plausible future trading losses. VaR is calculated for all financial instruments. The model is responsive to changes in market conditions through the use of exponential weighting that applies a greater weight to more recent events. The model avoids any explicit assumptions on the correlation between risk factors leveraging the historical correlation observed.

For regulatory capital purposes, the Bank operates under the Basel III market risk framework which includes the following components for the calculation of regulatory capital: regulatory VaR, stressed VaR, IRC, Risk not in VaR ('RNIV'), stressed RNIV and a regulatory prescribed standardised approach for securitisations. The regulatory VaR for capital purposes uses a two-year historical dataset, a ten-day holding period and a 99% confidence level. Stressed VaR replicates the regulatory VaR calculation on the Bank's current portfolio over a continuous one-year observation period that reflects a period of significant financial stress for the Bank. Selecting a Stressed VaR window from a historical dataset starting in 2006, allows for the Stressed VaR to be calibrated from a longer history of potential loss events and helps reduce the pro-cyclicality of the minimum capital requirements for market risk. IRC is a regulatory capital charge for issuer default and migration risk on positions in the trading books that may not be captured adequately under a ten-day holding period. RNIV captures a variety of risks, such as certain basis risks, higher order risks and cross risks between asset classes, not adequately captured by the VaR model for example due to lack of sufficient or accurate risk, or lack of good quality, contemporaneous historical market data required for VaR using historical simulation.

Backtesting VaR uses a two-year historical dataset, a one-day holding period and a 99% confidence level. Backtesting VaR is not a component used for the calculation of regulatory capital but may have an impact through the regulatory capital multiplier if the number of backtesting exceptions exceeds regulatory thresholds.

Additionally, Risk Management VaR is calculated for trading and banking book positions using a two-year historical dataset, a ten-day holding period and a 98% confidence level. Risk Management VaR is not a component used for the calculation of regulatory capital and used for internal risk management.

Scenario analysis

Stress testing complements other risk measures by quantifying the potential losses arising from moves across financial markets in response to plausible external events. The majority of scenario analysis calculations performed is specifically tailored towards the risk profile of particular businesses and limits may be established for some of them. In addition, to identify areas of risk concentration and potential vulnerability to stress events at the Bank's level, a set of scenarios is consistently applied across all businesses to assess the impact of significant, simultaneous movements across a broad range of markets and asset classes. Additionally, scenarios targeted at a specific market, product or risk type are used to better understand the risk profiles and concentrations, to monitor and control the exposure.

Scenarios can be defined with reference to historic events or based on forward-looking, hypothetical events that could impact the Bank's positions, capital, or profitability. The scenarios used within the Bank are reviewed at the relevant risk committees. The scenarios used within the Bank continuously evolve to reflect changes in market conditions and any change in business strategy.

Sensitivity analysis

The sensitivity analysis for the trading activities includes a wide range of measures such as sensitivities, both net and gross, and sensitivity impacts under scenarios, amongst others. This family of measures allow to quantify the potential profit or loss resulting from specified, generally small, hypothetical shocks to market factors.

Similar to stress testing, the majority of sensitivity analysis calculations performed is specifically tailored towards the risk profile of particular businesses and limits may be established for some of them. Sensitivity analysis may also be used to identify, monitor and control areas of risk concentration at the Bank's level across a broad range of markets, products and asset classes.

Trading portfolios

Risk measurement and management

Market risk arises in the Bank's trading portfolios primarily through its trading activities.

For the purposes of this disclosure, the aggregated market risks associated with the Bank's trading book portfolios along with foreign exchange and commodity risks in the banking book are measured using VaR. This classification of assets and liabilities as trading is based on the trading intent and for the purpose of analysing the Bank's market risk exposure, not for financial statement reporting purposes.

The Bank is active in the principal global trading markets, using a wide range of trading and hedging products, including derivatives

and structured products (some of which are customised transactions often using combinations of financial instruments and executed to meet specific client or internal needs). As a result of the Bank's broad participation in products and markets, trading strategies are correspondingly diverse and exposures are generally spread across a range of risk factors and locations.

Development of trading portfolio risks

The following table shows the trading related market risk exposure along with foreign exchange and commodity risks in the banking book for the Bank, as measured by Regulatory VaR. This VaR model used by the Bank is based on historical simulation approach over a two-year historical dataset. VaR estimates are computed separately for each risk type and for the whole trading book portfolio using the historical simulation methodology. The diversification benefit reflects the net difference between the sum of the 99th percentile loss for each individual risk type and for the total portfolio.

We regularly review our VaR model to ensure that it remains appropriate given evolving market conditions and the composition of our trading portfolio. While there were no material changes to our VaR methodology in 2023, we have introduced an enhanced approach to measure Regulatory VaR for individual risk types, further to the changes introduced in 2020. The enhanced approach is applied to each risk type using a collection of risk factors included within the respective risk type only, ignoring cross-risk effects. This change in the measurement approach for individual risk types affected particularly standalone Regulatory VaR for equity risk and foreign exchange risk, with no impact on total Regulatory VaR.

Ten-day, 99% VaR – trading portfolios

End of period	Interest rate and credit spread ⁴	Foreign exchange ^{1,4}	Commodity ^{1,4}	Equity ⁴	Diversification benefit ²	Total
2023 (USD million)						
Average	32	3	4	23	(34)	28
Minimum	20	–	1	12	– ³	13
Maximum	61	11	12	48	– ³	55
End of period	20	5	2	12	(22)	16
2022 (USD million)						
Average	48	138	7	102	(240)	55
Minimum	26	42	4	53	– ³	31
Maximum	66	209	29	173	– ³	75
End of period	29	169	6	112	(283)	32

¹ Along with the trading related market risk exposure, foreign exchange and commodity risks in the banking book is included in the VaR computation.

² VaR is calculated separately for each risk type and for the whole portfolio using the historical simulation methodology.

Diversification benefit reflects the net difference between the sum of the 99th percentile VaR for each risk type compared to the whole portfolio.

³ As the minimum and maximum occur on different days for different risk types, it is not meaningful to calculate a portfolio diversification benefit.

⁴ Asset class VaR for 2023 is updated to be calculated using risk based approach. This change in approach is driving large reductions in Foreign exchange and Equity VaR

VaR results

The Bank's ten-day, 99% Regulatory VaR as of 31 December 2023 decreased by 49% to USD 16 million, compared to 31 December 2022 (USD 32 million).

The decrease in VaR is primarily driven by de-risking across business in Non-Core and Legacy division.

Banking portfolios

Risk measurement and management

The market risks associated with non-trading portfolios are measured, monitored and limited using several tools, including sensitivity analysis, scenario analysis and VaR. For the purpose of this disclosure, the aggregated market risks associated with

the Bank's non-trading portfolios are measured using sensitivity analysis. In addition, scenario analysis measures the amount of potential change in economic value resulting from specified hypothetical shocks to market factors. It is not a measure of the potential impact on reported earnings in the current period, since the non-trading activities generally are not marked to market through earnings. Foreign exchange translation risk is not included in this analysis.

Development of non-trading portfolio risks

Interest rate sensitivity analysis measures the impact of a one-basis-point parallel move in yield curves on the fair value of interest rate-sensitive non-trading book positions. As of the 31 December 2023 it was USD 0.04 million compared to USD 0.07 million as of 31 December 2022. Non-trading interest rate risk is assessed using other measures including the potential value change resulting from significant but possible moves in yield curves applying a floor to negative rates as prescribed in PRA's Internal Capital Adequacy Assessment ('ICAAP') rules. As of 31 December 2023 the fair value impacts were:

- A fair value loss of USD 2 million (2022: gain of USD 2 million) for a +200bps move.
- A fair value loss of USD 13 million (2022: loss of USD 14 million) for a -200bps move.

Note: CSi has aligned the Interest Rate Risk in the Banking Book ('IRRBB') Delta Economic Value of Equity ('EVE') calculation to the ICAAP: by applying a floor to negative interest rates. Aggregated Delta EVE for each interest rate shock scenario is calculated by adding together any positive or negative Delta EVE in each currency and positive changes are weighted by a factor of 50%. This methodology is consistent with PRA guidelines.

The decrease in interest rate risk is mainly driven by unwinding of USD interest rate swap hedges in Longevity Markets.

Macro-Economic Environment

In the major economies annual inflation rates stayed far above central bank target levels for most of 2022 but started to decrease at the end of 2022. In early 2023, energy prices eased and the improved functioning of supply chains reduced the upward pressure on prices of goods. However, price pressures have transitioned to the services sector while low unemployment rates have pushed wages up. The Federal Reserve ('The Fed') and other major central banks have slowed the pace of monetary policy tightening in late 2022 and early 2023 but have continued to stress that policy interest rates may be further increased. Further significant increases in interest rates carry the risk of triggering a recession. Credit Suisse periodically conducts deepdive assessments and uses stress scenarios and a range of other risk management techniques to assess the resilience and potential vulnerabilities in its exposures and concentrations should the global economy be impacted by sustained high inflation or deteriorate into recession in the first half of 2023.

Strategy execution / Transformational Risk

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

Russia's invasion of Ukraine

In response to Russia's invasion of Ukraine in late February 2022, the US, EU, UK, Switzerland and other countries across the world imposed severe sanctions against Russia's financial system and on Russian government officials and Russian business leaders.

Sanctions imposed since February 2022 included cutting access of certain Russian banks to the SWIFT financial messaging service, freezing foreign exchange reserves of and placing restrictions on transactions with the Russian central bank, prohibitions on new investments in Russia, sanctions on Russian financial institutions, sanctions on major state-owned enterprises, sanctions on certain Russian government officials and their family members, sanctions on business elites, capital markets-related restrictions, deposit-related limitations, implementation of a cap on the price of Russian crude oil and petroleum products, and prohibition on the provision of certain professional services to Russia.

The Russian government has also imposed certain countermeasures, which include restrictions relating to foreign currency accounts and financial securities transactions. These measures followed earlier sanctions that had already been imposed by the US, EU and UK in 2021 in response to alleged Russian activities related to Syria, cybersecurity, electoral interference and other matters, including the prohibition of US banks from participating in the primary market for any Russian sovereign bonds or any lending to the Russian sovereign, as well as other restrictions imposed following Russia's annexation of Crimea in 2014 relating to new debt or equity of certain Russian banks and energy companies. CSi are continuously assessing the impact of sanctions already imposed, Russian government countermeasures and potential future escalations, on our exposures and client relationships.

ii) Liquidity Risk

Liquidity and Funding ('L&F') risk is an inherent consequence of being in business. CSi defines the principles and associated responsibilities to make sure CSi prudently manages L&F risk at CS, part of the UBS group.

Liquidity risk is the risk that a bank is unable to meet business-as-usual or stress cash/collateral flows and Funding risk is being unable to borrow funds to support the firm's current business and desired strategy.

CS group-wide management of liquidity risk

The liquidity risk governance model follows the three lines of defense ('3LoD') model, with the UBS Group Board of Directors and local Boards (where applicable) set the L&F risk appetite. The UBS Group Asset Liability Committee ('ALCO') and local ALCOs oversee L&F risk management.

1st Line of Defense ('LoD'): Business divisions and Treasury.
2nd LoD: Risk Control teams.

The roles and responsibilities of the relevant functions involved in liquidity risk management are clearly outlined. CS CRO Treasury (previously Treasury, Liquidity Risk Management ('LRM')) and Liquidity Measurement and Reporting ('LMR') operate within a comprehensive global governance model that provides management at all levels with the necessary framework to measure, monitor and manage liquidity risk.

Treasury is responsible, as the first line of defense, and the business divisions, for managing the CSi group's overall liquidity risk through the Liquidity Risk Management Strategy. The mandate of Treasury is to provide funding, liquidity, and capital at favourable conditions to the CSi group, and to manage the CSi group's liquidity portfolio. As part of their mandate, Treasury manage day-to-day liquidity, oversee all secured and unsecured funding activities, and manage the money market funding desks.

CS CRO Treasury, as part of the CRO organisation, is responsible for the oversight of Treasury and the business divisions in managing the CSi group's liquidity risks as a second line of defense. As a reflection of its risk constraint mandate, CS CRO Treasury is responsible for ensuring that liquidity risk management complies with the overall risk appetite. As an independent oversight function, CS CRO Treasury oversees and challenges the activities of the first line of defense, i.e. Treasury, LMR as well as the business divisions for their responsibilities in the context of liquidity risk measurement, funding forecasting, Funds Transfer Pricing ('FTP'), risk mitigating actions, crisis management and reporting. It defines and ensures adherence to CS CRO Treasury risk processes, risk limits and risk appetite; monitors the risk constraints and their potential breaches including escalation if necessary; and performs stress testing and scenario analysis. In addition, Funding concentration metrics are overseen by CS CRO Treasury. Treasury monitors funding concentration metrics to manage the funding risk. Funding concentration risk is the over-reliance on a type of instrument or product, tenor, currency, counterparty and/or financial market to raise funding and meet the CSi group obligations. It is the CSi group's funding strategy to ensure that it has access to a diversified range of funding sources by customer base, financial market and geography to cover short-term and medium to long term requirements, without any significant reliance on a particular funding source, counterparty, tenor or product. A Funding Concentration Report monitors funding concentrations around funding tenor (maturity concentration), funding counterparty (investor concentration), funding structure (product concentration) and industry (market segment concentration). Treasury and CS Treasury CRO monitor the firm's L&F position

and ultimately the compliance with regulatory requirements and risk appetite through L&F metrics.

LMR produces both liquidity Management Information ('MI') and regulatory reporting, which supports Treasury in their decision-making processes. The liquidity MI reports being produced by LMR, including commentary, are distributed on a regular basis to CS Treasury Functional and Regional Management, CS CRO Treasury, as well as to regulators where required.

Business Divisions are responsible for understanding their liquidity risk position, highlighting and communicating material instances of liquidity risk to Treasury and CS CRO Treasury in the context of ongoing business and prior to engaging in changed and accepting new business. All functions involved in the liquidity risk management governance and risk management framework have regional presence outside head offices to ensure liquidity risk management governance is established locally and satisfies local liquidity requirements, local rules and regulations.

Legal entity management of liquidity risk

The legal entity liquidity risk management framework is aligned with the group-wide approach but also incorporates local regulatory compliance requirements. CSi Board ('BoD') is responsible for approving the CSi entity-level liquidity risk appetite. The Head of CS Treasury Risk UK defines, reviews and proposes the liquidity risk appetite and recommends appropriate risk metrics, based on the respective business plans of CSi. The recommended risk appetite and calibration are presented initially to the CSi Risk Management Committee ('RMC') and subsequently submitted to the CSi BoD for approval. The strategic risk objectives, including the liquidity risk appetite metrics and limits, are reviewed at a minimum on an annual basis.

CSi CS Treasury Risk UK, as part of the CS CRO Treasury organisation, is responsible for the oversight of Treasury and the business divisions in managing CSi's liquidity risks as a second line of defense. As a reflection of its risk control mandate, CSi Treasury Risk UK defines related risk management frameworks and processes in line with requirements at entity level. The team works with UK Treasury, and the business divisions to ensure comprehensive liquidity risk limit adherence and manage breaches thereof, should they occur.

CSi adhere to the regulatory liquidity measures that must be applied by all regulated banking institutions to ensure that in a stress environment, banks maintain sufficient amount of stable liquidity in the short and long term. The key regulatory liquidity risk metrics are the Liquidity Coverage Ratio ('LCR'), PRA 110 and the Net Stable Funding Ratio ('NSFR').

CSi maintain a suite of internal metrics to complement the regulatory requirements. The Barometer is the internal liquidity stress testing tool that provides CSi with a robust liquidity stress testing framework. The model ensures compliance with regulatory and firm standards and promotes consistent liquidity risk management across jurisdictions and entities.

The CSi Treasury Risk UK function owns the production of the Individual Liquidity Adequacy Process ('ILAAP') document. The document sets out CSi's approach to managing liquidity and funding risks. The purpose of the document is to provide the CSi Board of Directors ('BoD') with an assessment of the liquidity risk

in CSi under both our internal stress measure (Liquidity Barometer) and the regulatory defined stress measures.

The following table sets out details of the remaining contractual maturity of all financial liabilities:

Group 31 December 2023	On Demand	Due within 3 months	Due between 3 and 12 months	Due between 1 and 5 years	Due after 5 years	Total
Financial liabilities (USD million)						
Due to banks	31	–	–	–	–	31
Securities sold under repurchase agreements and securities lending transactions	125	–	233	–	–	358
Trading financial liabilities at fair value through profit or loss	60,519	–	–	–	–	60,519
Financial liabilities designated at fair value through profit or loss ¹	3,073	8,103	979	3,356	539	16,050
Borrowings	–	341	12,281	–	–	12,622
Debt in issuance	–	129	4,256	4,494	2	8,881
Other liabilities	8,604	–	–	–	–	8,604
Total	72,352	8,573	17,749	7,850	541	107,065

Group
31 December 2022

Group 31 December 2022	On Demand	Due within 3 months	Due between 3 and 12 months	Due between 1 and 5 years	Due after 5 years	Total
Financial liabilities (USD million)						
Due to banks	266	–	–	–	–	266
Securities sold under repurchase agreements and securities lending transactions	1,564	472	888	–	–	2,924
Trading financial liabilities mandatorily at fair value through profit or loss	93,397	–	–	–	–	93,397
Financial liabilities designated at fair value through profit or loss ¹	8,145	9,603	2,177	6,824	420	27,169
Borrowings	–	416	5,609	–	–	6,025
Debt in issuance	–	233	3,039	16,648	3	19,923
Other liabilities	16,149	–	–	–	–	16,149
Total	119,521	10,724	11,713	23,472	423	165,853

¹ Financial liabilities designated at fair value through profit or loss includes certain structured notes and some other other financial instruments that are reported at their fair values, rather than their undiscounted amounts, since these best represent the expected future outflow for these balances. In addition, there are certain structured notes that have mandatory early redemption features based on stipulated movements in markets or the occurrence of a market event. With respect to these notes those that have an observable likelihood of redemption occurring within one year based on a modelling assessment are also included in current liabilities. Within the population this includes USD 17 million (2022: USD 73 million) of such notes with a contractual maturity of between 1 and 5 years.

Bank 31 December 2023	On Demand	Due within 3 months	Due between 3 and 12 months	Due between 1 and 5 years	Due after 5 years	Total
Financial liabilities (USD million)						
Due to banks	31	–	–	–	–	31
Securities sold under repurchase agreements and securities lending transactions	125	–	233	–	–	358
Trading financial liabilities at fair value through profit or loss	60,519	–	–	–	–	60,519
Financial liabilities designated at fair value through profit or loss ¹	3,073	8,103	963	3,332	420	15,891
Borrowings	–	341	12,281	–	–	12,622
Debt in issuance	–	129	4,256	4,494	2	8,881
Other liabilities	8,604	–	–	–	–	8,604
Total	72,352	8,573	17,733	7,826	422	106,906

Bank
31 December 2022

Bank 31 December 2022	On Demand	Due within 3 months	Due between 3 and 12 months	Due between 1 and 5 years	Due after 5 years	Total
Financial liabilities (USD million)						
Due to banks	266	–	–	–	–	266
Securities sold under repurchase agreements and securities lending transactions	1,564	472	888	–	–	2,924
Trading financial liabilities mandatorily at fair value through profit or loss	93,661	–	–	–	–	93,661
Financial liabilities designated at fair value through profit or loss ¹	8,147	9,306	1,903	6,556	420	26,332
Borrowings	–	416	5,609	–	–	6,025
Debt in Issuance	–	233	3,039	16,648	3	19,923
Other liabilities	16,148	–	–	–	–	16,148
Total	119,786	10,427	11,439	23,204	423	165,279

¹ Financial liabilities designated at fair value through profit or loss includes certain structured notes and some other other financial instruments that are reported at their fair values, rather than their undiscounted amounts, since these best represent the expected future outflow for these balances. In addition, there are certain structured notes that have mandatory early redemption features based on stipulated movements in markets or the occurrence of a market event. With respect to these notes those that have an observable likelihood of redemption occurring within one year based on a modelling assessment are also included in current liabilities. Within the population this includes USD 17 million (2022: USD 73 million) of such notes with a contractual maturity of between 1 and 5 years.

Liabilities in trading portfolios have not been analysed by contractual maturity because these liabilities are used to risk manage positions held across CS group and can be closed out at very short notice. They have been classified as being 'on demand' at their fair value.

For instruments with perpetual features (i.e. no maturity dates), the projected coupons have been excluded. Callable Due to Banks, open ended positions and overnight funding will be recorded at their present value in an 'on demand' categorisation. This classification will be based on the underlying legal and contractual ability of the counterparty or the bank to put or call the positions at short notice.

iii) Currency Risk

The Bank takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows.

The Bank has approval to manage its own trading P&L related foreign exchange risk through a formal trading mandate and has defined risk limits using the Value at Risk ('VaR') methodology. Its currency exposure within the non-trading portfolios is managed through the CS group's leveling process as set out in the Corporate Foreign Exchange Policy. The VaR methodology is discussed in more detail in section i) Market Risk, of this note.

One of the components of CSi total expenses is operational expenses in GBP which are subject to currency risk when converted into USD, the functional currency of the entity. The exposure is reduced through hedging.

iv) Credit Risk

Credit risk is the possibility of a loss being incurred as the result of a borrower or counterparty failing to meet its financial obligations or as a result of deterioration in the credit quality of the borrower or counterparty. In the event of a customer default a bank generally incurs a loss equal to the amount owed by the debtor, less any recoveries from foreclosure, liquidation of collateral or the restructuring of the debtor company. A change in the credit quality of the counterparty has an impact on the valuation of assets eligible for fair value measurement, with valuation changes recorded in the Consolidated Statement of Income.

Credit risk in CSi is managed by the CSi Chief Credit Officer ('CSi CCO'), who in turn reports to the CSi CRO, with support from the Credit Risk Non-Core & Legacy ('NCL') function. Credit Risk NCL is a part of UBS Group Risk Control function, and is an independent function with responsibility for approving credit limits, monitoring and managing individual exposures, and assessing and managing the quality of the segment and business areas' credit portfolios and allowances. All credit limits in CSi are subject to approval by CSi Credit Risk.

Credit risk management approach

Effective credit risk management is a structured process to assess, quantify, measure, monitor and manage risk on a consistent basis. This requires careful consideration of proposed extensions of credit, the setting of specific limits, monitoring during the life of the exposure, active use of credit mitigation tools and a disciplined approach to recognising credit impairment.

Credit limits are used to manage concentration to individual counterparties. A system of limits is also established to address concentration risk in the portfolio, including country limits, industry limits and limits for certain products. In addition, credit risk concentration is regularly supervised by credit and risk management committees, taking current market conditions and trend analysis into consideration. A credit quality review process provides an early identification of possible changes in the creditworthiness of clients and includes regular asset and collateral quality reviews, business and financial statement analysis and relevant economic and industry studies. Regularly updated watch lists and review meetings are used for the identification of counterparties where adverse changes in creditworthiness could occur.

Counterparty and transaction rating

The CSi group employs a set of credit ratings for the purpose of internally rating counterparties to which it is exposed to credit risk as the contractual party. Credit ratings are intended to reflect the risk of default of each counterparty. Ratings are assigned based on internally-developed rating models and processes, which are subject to governance and internally-independent validation procedures.

The CSi group's internal ratings may differ from counterparties' external ratings. Policy requires the review of internal ratings at least annually. For the calculation of internal risk estimates and Risk Weighted Assets ('RWAs'), a probability of default ('PD') is assigned to each facility, with the PD determined by the internal credit rating. Internal ratings are based on the analysis and evaluation of both quantitative and qualitative factors. The specific factors analysed are dependent on the type of counterparty. The analysis emphasises a forward-looking approach, concentrating on economic trends and financial fundamentals. Analysts make use of peer analysis, industry comparisons, external ratings and research, other quantitative tools and the judgement of credit

experts. The PD for each rating is calibrated based on historical default experience, using external data from Standard & Poor's, and back-tested to ensure consistency with internal experience.

CS assigns an estimate of expected loss in the event of a counterparty default based on the structure of each transaction. The counterparty credit rating is used in combination with credit (or credit equivalent) exposure and the loss given default ('LGD') assumption to estimate the potential credit loss. LGD represents the expected loss on a transaction should default occur and takes into account structure, collateral, seniority of the claim and, in certain areas, the type of counterparty. CSi group uses credit risk estimates consistently for the purposes of approval, establishment and monitoring of credit limits and credit portfolio management, credit policy, management reporting and allocation and certain financial accounting purposes. This approach also allows us to price transactions involving credit risk more accurately, based on risk/return estimates. CSi has been granted permission by the PRA to use internal credit rating models under the CRD4 A-Internal Rating Based ('IRB') approach for the majority of credit exposures in CSi. Exposures which are not covered by AIRB treatment are subject to the standardised approach.

Credit Risk Overview

All transactions that are exposed to potential losses due to failure of meeting an obligation by counterparty are subject to credit risk exposure measurement and management.

Maximum Exposure to credit risk

The following table presents the maximum exposure to credit risk of balance sheet and off-balance sheet financial instruments, before taking account of the fair value of any collateral held or other credit enhancements unless such credit enhancements meet offsetting requirements as set out in IAS 32. For financial assets recognised on the balance sheet the maximum exposure to credit risk equals their carrying amount as at 31 December 2023. For financial guarantees granted and other credit-related contingencies the maximum exposure to credit risk is the maximum amount that CSi would have to pay if the guarantees and contingencies are called upon. For loan commitments and other credit-related commitments that are irrevocable over the life of the respective facilities the maximum exposure to credit risk is the full amount of the committed facilities.

Maximum exposure to credit risk:

2023 (USD million)	Group			Bank		
	Gross	Collateral and other credit enhancements	Net	Gross	Collateral and other credit enhancements	Net
Maximum exposure to credit risk						
Trading financial assets mandatorily at fair value through profit or loss						
Debt securities	1,841	–	1,841	1,886	–	1,886
Derivative trading positions	57,337	56,006	1,331	57,337	56,006	1,331
Other	164	–	164	164	–	164
Non-trading financial assets mandatorily at fair value through profit or loss						
Loans	270	270	–	274	270	4
Reverse repurchase agreements	23,910	23,910	–	23,910	23,910	–
Other	408	189	219	211	189	22
Maximum exposure to credit risk – total assets	83,930	80,375	3,555	83,782	80,375	3,407
Off-balance sheet items						
loan commitments and other credit related commitments	800	103	697	800	103	697
Maximum exposure to credit risk – total off-balance sheet	800	103	697	800	103	697
Maximum exposure to credit risk	84,730	80,478	4,252	84,582	80,478	4,104
2022 (USD million)						
Maximum exposure to credit risk						
Trading financial assets mandatorily at fair value through profit or loss						
Debt securities	8,353	–	8,353	8,248	–	8,248
Derivative trading positions	90,067	83,545	6,522	90,188	83,545	6,643
Other	316	–	316	316	–	316
Non-trading financial assets mandatorily at fair value through profit or loss						
Loans	1,105	49	1,056	700	49	651
Reverse repurchase agreements	21,093	21,082	11	21,093	21,082	11
Other	633	435	198	465	435	30
Maximum exposure to credit risk – total assets	121,567	105,111	16,456	121,010	105,111	15,899
Off-balance sheet items						
loan commitments and other credit related commitments	1,494	254	1,240	1,494	254	1,240
Maximum exposure to credit risk – total off-balance sheet	1,494	254	1,240	1,494	254	1,240
Maximum exposure to credit risk	123,061	105,365	17,696	122,504	105,365	17,139

CSi is exposed to credit risk as a result of a counterparty, borrower or issuer being unable or unwilling to honour its contractual obligations. These exposures to credit risk exist within financing relationships, derivatives and other transactions.

CSi typically enters into Master Netting Arrangements ('MNAs') with OTC derivative counterparties. The MNAs allow CSi to offset derivative liabilities against the derivative assets with the same counterparty in the event the counterparty defaults. Collateral on these derivative contracts is usually posted on a net counterparty basis and comprises either cash or marketable securities or a combination thereof. Included in the table above as collateral and other credit enhancements are the derivative liability amounts which would be offset against the derivative asset position upon default of the counterparty as well as any cash or marketable securities collateral held. Amounts disclosed as collateral and credit enhancements are where a counterparty has an offsetting derivative exposure with CSi, a legally enforceable MNA exists,

and the credit risk exposure is managed on a net basis or the position is specifically collateralised, typically in the form of cash.

Also included in the table within both loans and advances and financial assets designated at fair value through profit and loss is collateral which CSi holds against loans in the form of guarantees, cash and marketable securities. CSi also mitigates its credit exposures on certain loans primarily with credit default swaps, which economically hedge the position and as such the notional on the relevant credit default swap has been included. For further information on the collateral and credit enhancements held against loans designated at fair value, refer to Note 19 – Financial Liabilities Designated at Fair Value through Profit and Loss.

Reverse repurchase and repurchase agreements and securities lending and borrowing transactions are typically fully collateralised instruments and in the event of default by the counterparty, the agreement provides CSi the right to liquidate the collateral held. Reverse repos and repos are included either within securities

or financial assets designated at fair value through profit and loss, based on the accounting methodology. These instruments are collateralised principally by government securities, money market instruments, corporate bonds and cash. CSi monitors the fair value of securities borrowed and lent on a daily basis with additional collateral obtained as necessary. The fair value of the collateral has been included in the table above. For further information on the collateral and credit enhancements held against reverse repurchase and repurchase agreements and securities lending and borrowing refer to Note 16 – Securities Borrowed, Lent and Purchased/Sold under Resale/Repurchase Agreements.

Included within Other (Non- trading financial assets mandatorily at fair value through profit or loss) are failed purchases that arise when a transaction to purchase an asset has not met the conditions for sale accounting. CSi typically holds collateral in the form of insurance or securities against the failed purchases.

Collateral held against financial guarantees and loan commitments typically includes securities and letters of credit. For

further information about the collateral and credit enhancements held against financial guarantees and loan commitments refer to Note 34 – Contingent Liabilities, Guarantees and Commitments.

For further information on collateral held as security that CSi is permitted to sell or repledge refer to Note 37 – Assets Pledged or Assigned.

If collateral or the credit enhancement value for a particular instrument is in excess of the maximum exposure then the value of collateral and other credit enhancements included in the table has been limited to the maximum exposure to credit risk.

The following table sets out information about the credit quality of financial assets measured at amortised cost. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

Financial assets credit risk exposures by rating grades

As at 31 December, 2023 Group In millions of USD	Classes of Financial assets		
	Interest bearing deposits with banks	Securities purchases under resale agreements and securities borrowing transactions	Total
AA+ to AA-	–	–	–
A+ to A-	8,319	616	8,935
BBB+ to BBB-	–	688	688
BB+ to BB-	–	–	–
B+ and below	–	–	–
Gross Carrying amount	8,319	1,304	9,623
Loss allowance	–	–	–
Net Carrying amount	8,319	1,304	9,623

As at 31 December, 2022 Group In millions of USD	Classes of Financial assets		
	Interest bearing deposits with banks	Securities purchases under resale agreements and securities borrowing transactions	Total
AA+ to AA-	–	5	5
A+ to A-	12,086	8,843	20,929
BBB+ to BBB-	–	1,652	1,652
BB+ to BB-	–	7	7
B+ and below	–	20	20
Gross Carrying amount	12,086	10,527	22,613
Loss allowance	–	1	1
Net Carrying amount	12,086	10,526	22,612

The categories of financial assets included in the above tables have balances only in 12 month Stage ECL (Stage 1).

Cash and Due from Bank credit risk exposures by external rating grades

Group In millions of USD	12-month ECL (Stage 1)	Lifetime ECL not credit-impaired (Stage 2)	Lifetime ECL credit-impaired (Stage 3)	Purchased credit-impaired	Total
2023					
AA+ to AA-	291	–	–	–	291
A+ to A-	3,131	–	–	–	3,131
BBB+ to BBB-	22	–	–	–	22
BB+ to BB-	4	–	–	–	4
B+ and below	150	–	30	–	180
Gross Carrying amount	3,598	–	30	–	3,628
Loss allowance	–	–	10	–	10
Net Carrying amount	3,598	–	20	–	3,618
2022					
AA+ to AA-	537	–	–	–	537
A+ to A-	3,530	–	–	–	3,530
BBB+ to BBB-	27	–	–	–	27
BB+ to BB-	5	–	–	–	5
B+ and below	50	–	–	–	50
Gross Carrying amount	4,149	–	–	–	4,149
Loss allowance	–	–	–	–	–
Net Carrying amount	4,149	–	–	–	4,149

Loan credit risk exposures by rating grades

Group and Bank In millions of USD	12-month ECL (Stage 1)	Lifetime ECL not credit-impaired (Stage 2)	Lifetime ECL credit-impaired (Stage 3)	Purchased credit-impaired	Total
2023					
BBB+ to BBB-	3,003	–	–	–	3,003
BB+ to BB-	–	–	–	–	–
B+ and below	68	145	74	–	287
Gross Carrying amount	3,071	145	74	–	3,290
Loss allowance	3	30	67	–	100
Net Carrying amount	3,068	115	7	–	3,190
2022					
BBB+ to BBB-	2,557	–	–	–	2,557
BB+ to BB-	79	–	–	–	79
B+ and below	81	29	28	–	138
Gross Carrying amount	2,717	29	28	–	2,774
Loss allowance	4	1	15	–	20
Net Carrying amount	2,713	28	13	–	2,754

Loan commitment credit risk exposures by rating grades

Group and Bank In millions of USD	12-month ECL (Stage 1)	Lifetime ECL not credit-impaired (Stage 2)	Lifetime ECL credit-impaired (Stage 3)	Purchased credit-impaired	Total
2023					
AA+ to AA-	27	–	–	–	27
A+ to A-	–	–	–	–	–
BBB+ to BBB-	173	–	–	–	173
BB+ to BB-	115	–	–	–	115
B+ and below	160	2	–	–	162
Gross Carrying amount	475	2	–	–	477
Loss allowance	1	–	–	–	1
Net Carrying amount	474	2	–	–	476
2022					
AA+ to AA-	15	–	–	–	15
A+ to A-	–	–	–	–	–
BBB+ to BBB-	707	–	–	–	707
BB+ to BB-	75	–	–	–	75
B+ and below	188	186	–	–	374
Gross Carrying amount	985	186	–	–	1,171
Loss allowance	2	1	–	–	3
Net Carrying amount	983	185	–	–	1,168

Other assets credit risk exposures by rating grades

Group and Bank In millions of USD	12-month ECL (Stage 1)	Lifetime ECL not credit-impaired (Stage 2)	Lifetime ECL credit-impaired (Stage 3)	Purchased credit-impaired	Total
2023					
AAA	595	–	–	–	595
AA+ to AA-	4,618	–	–	–	4,618
A+ to A-	5,955	–	–	–	5,955
BBB+ to BBB-	3,357	–	–	–	3,357
BB+ to BB-	58	–	–	–	58
B+ and below	2,394	–	–	–	2,394
Gross Carrying amount	16,977	–	–	–	16,977
Loss allowance	0	0	–	–	0
Net Carrying amount	16,977	(0)	–	–	16,977
2022					
AAA	495	–	–	–	495
AA+ to AA-	4,236	–	–	–	4,236
A+ to A-	8,824	–	–	–	8,824
BBB+ to BBB-	2,870	–	–	–	2,870
BB+ to BB-	248	–	–	–	248
B+ and below	47	–	4,374	–	4,421
Gross Carrying amount	16,720	–	4,374	–	21,094
Loss allowance	0	–	4,374	–	4,374
Net Carrying amount	16,720	–	0	–	16,720

Risk Mitigation

CSi actively manages its credit exposure utilising credit hedges and monetisable collateral (cash and marketable securities). Credit hedges represent the notional exposure that has been transferred to other market counterparties generally through the use of credit default swaps. CSi also actively enters into collateral arrangements for OTC derivatives and other traded products which allow it to limit the counterparty exposure risk associated with these products. Collateral taken generally represents cash or government securities although other securities may be accepted. The value of collateral reflected as a risk mitigant is net of an appropriate haircut. Collateral securing loan transactions includes:

- Financial collateral pledged against loans collateralised by securities (mostly cash and marketable securities); and
- Physical collateral (real estate property for mortgages, mainly retail residential, but also multi-family buildings, offices and commercial properties); and
- Other types of lending collateral such as accounts receivable, inventory and plant and equipment

Credit approval and reviews

A primary responsibility of Credit Risk is the approval of new counterparty trading relationships and the subsequent on-going review of the creditworthiness of the client. Part of the review and approval process involves the consideration of the motivation of the client and the directional nature of the trading in which the client is engaged. The sizing of credit limits is based on a combination of credit rating, the level of comfort the Credit Risk officer has with the strategy of the counterparty, the level of disclosure of financial information and the amount of risk mitigation that is present in the trading relationship (e.g. level of collateral).

Settlement Risk

Settlement risk arises whenever the settlement of a transaction results in timing differences between the disbursement of cash or securities and the receipt of counter-value from the counterparty. This risk arises whenever transactions settle on a 'free of payment' basis and is especially relevant when operating across time zones.

In those instances where market convention and/or products preclude a value-for-value exchange, CSi manages its risk through confirmation and affirmation of transaction details with counterparties. In order to reduce gross settlement risk, CSi leverages clearing houses, central counterparties and central settlement services, and will also net gross cash flows with a given counterparty where possible. CSi group proactively seeks to manage the timing of settlement instructions to agents and the reconciliation of incoming payments in order to reduce the window of exposure. In addition, Credit Risk officers establish and monitor limits to control the amount of settlement risk incurred to each counterparty.

v) Country Risk

Country risk is the possibility of a substantial, systemic loss of value in the financial assets of a country or group of countries,

which may be caused by dislocations in the credit, equity and/or currency markets. CSi Credit Risk has incorporated country limits into its Credit Risk Appetite Framework in order to manage this risk in CSi.

For CSi, country limits are set for developed and emerging markets, based on both a potential future exposure view and on a scenario view. Upon CSi UK CCO and the UK Credit Risk Committee recommendation, maximum appetite and country limits are calibrated and approved by the CSi RMC on an annual basis or, if warranted by a fundamental change in strategy or market conditions, more frequently. The measurement of exposures against country limits is reported to the CSi UK CCO and senior management. Front Office representatives are responsible for ensuring limits are respected and any breach is promptly managed.

vi) Legal (including Regulatory) Risk

The CS group is subject to legal risks in its businesses. Legal risks include, among other things, the risk of litigation (for example, as a result of misselling claims), disputes (for example, over the terms of legacy trades); the inadequacy of transaction documentation (for example, ambiguous terms); unenforceability (for example, of security arrangements); uncertainty with respect to applicable laws and regulations (including change in laws or regulations); and employee disputes. Some of these risks result in claims against the firm which the firm defends, settles or results in actual litigation, in each case, that the CS group may incur legal expenses to defend.

The CS group assesses its legal risk and manages it through a combination of controls, including the adoption of policies, the implementation of processes and the use of systems, continuing to refine controls as business activities evolve and the laws that the CS group is subject to change. One of the key controls is the involvement of the General Counsel function and engagement of outside legal counsel. In addition, the CS group is an active participant in a number of key industry and other professional market forums including International Swaps and Derivatives Association ('ISDA') and the Association for Financial Markets in Europe ('AFME').

As a participant in the financial services industry, the CS group is subject to extensive regulation by governmental agencies, supervisory authorities and self-regulatory organisations around the world. Such regulation is increasingly more extensive and complex in its application, in particular, as laws increasingly purport to be extra-territorial and additional obligations may arise where clients are subject to differing regulatory obligations, in practice, requiring the group to be compliant with such obligations also. These regulations may increase the costs of doing existing business for both the firm and its clients, including the application of increased capital, leverage and liquidity requirements, customer protection and market conduct regulations and direct or indirect restrictions on the businesses in which the CS group may operate. Such requirements can have a negative effect on the CS group's business and ability to implement strategic initiatives.

The financial services industry continues to be affected by the increasing complexity of ongoing regulatory reforms, alongside the significant impact on the firm of implementing its plans relating to the withdrawal of the United Kingdom from the European Union. Changes in laws, rules or regulations, or in their interpretation or enforcement, or the implementation of new laws, rules or regulations, may adversely affect the CS group.

vii) Non-financial risk

Definition and sources of non-financial risk

Non-financial risk is the risk of an adverse direct or indirect impact originating from sources outside the financial markets, including but not limited to operational risk, technology risk, cyber risk, compliance and regulatory risk, legal risk and conduct risk. Non-financial risk is inherent in most aspects of our business, including the systems and processes that support our activities. It comprises a large number of disparate risks that can manifest in a variety of ways. Examples include the risk of damage to physical assets, business disruption, failures relating to third-party processes, data integrity and trade processing, cyber attacks, internal or external fraudulent or unauthorised transactions, inappropriate cross-border activities, money laundering, improper handling of confidential information, conflicts of interest, improper gifts and entertainment and failure in duties to clients.

Non-financial risk can arise from a wide variety of internal and external forces, including human error, inappropriate conduct, failures in systems, processes and controls, deliberate attack or natural and man-made disasters. Outsourcing and external third parties may also create risks around maintaining business processes, system stability, data loss, data management, reputation and regulatory compliance. The main categories and sources of non-financial risk are described below.

Operational risk

Operational risk is the risk of an adverse impact arising from inadequate or failed internal processes, people or systems, or from external events. Operational risk does not include business and reputational risks; however, some operational risks can lead to reputational issues and as such these risks may be closely linked.

Technology risk

Technology risk deserves particular attention given the complex technological landscape that covers our business model. Ensuring that confidentiality, integrity and availability of information assets are protected is critical to our operations. Technology risk is the risk that system-related failures, such as service outages or information security incidents, may disrupt business. Technology risk is inherent not only in our IT assets, but also in the people and processes that interact with them including through dependency on third-party suppliers and the worldwide telecommunications infrastructure. CSi seeks to ensure that the data used to support key business processes and reporting is secure, complete, accurate, available, timely and meets appropriate quality and integrity standards. CSi requires our critical IT systems to be identified, secure, resilient and available to support our ongoing operations,

decision-making, communications and reporting. Our systems must also have the capabilities, capacity, scalability and adaptability to meet current and future business objectives, the needs of our customers and regulatory and legal expectations. Failure to meet these standards and requirements may result in adverse events that could subject us to reputational damage, fines, litigation, regulatory sanctions, financial losses or loss of market share. Technology risks are managed through our technology risk management program, business continuity management plan and business contingency and resiliency plans. Technology risks are included as part of our overall non-financial risk assessments based upon a forward-looking approach focusing on the most significant risks in terms of potential impact and likelihood.

Cyber risk

Cyber risk, which is part of technology risk, is the risk that the Group will be compromised as a result of cyber attacks, security breaches, unauthorised access, loss or destruction of data, unavailability of service, computer viruses or other events that could have an adverse security or resilience impact. Any such event could subject us to litigation or cause us to suffer a financial loss, a disruption of our businesses, liability to our clients, regulatory intervention or reputational damage. CS group could also be required to expend significant additional resources to investigate and remediate vulnerabilities or other exposures.

CS group recognises that cyber risk represents a rapidly evolving external risk landscape. The financial industry continues to face cyber threats from a variety of actors who are driven by monetary, political and other motivations. CS group actively monitors external incidents and threats and assess and respond accordingly, including modifying our protective measures, to any potential vulnerabilities that this may reveal. CS group is also an active participant in industry forums and information exchange initiatives and engage in regulatory consultation on this subject.

CS group has an enterprise-wide cybersecurity strategy to provide strategic guidance as part of our efforts to achieve an optimised end-to-end security and risk competence that enables a secure and innovative business environment, aligned with the CS groups's risk appetite. A technology security team leverages a wide array of leading technology solutions and industry best practices to support our ability to maintain a secure perimeter and detect and respond to threats in real time.

CS group regularly assesses the effectiveness of key controls and conduct ongoing employee training and awareness activities, including for key management personnel, in order to embed a strong cyber risk culture. As part of the non-financial risk framework ('NFRF'), the Executive Board as CS group as divisional and legal entity risk management committees are given updates on the broader technology risk exposure. Significant incidents are escalated to the Risk Committee together with key findings and mitigating actions. Related business continuity and response plans are tested and simulations are conducted up to the Executive Board and Board level.

Legal risk

Legal risk is the risk of loss or imposition of damages, fines, penalties or other liability or any other material adverse impact arising from circumstances including the failure to comply with legal obligations, whether contractual, statutory or otherwise, changes in enforcement practices, the making of a legal challenge or claim against us, our inability to enforce legal rights or the failure to take measures to protect our rights.

Compliance risk

Compliance risk is the risk of legal or regulatory sanctions or financial loss that may result from the failure to comply with applicable laws, regulations, rules or market standards.

Regulatory risk

Regulatory risk is the risk that changes in laws, regulations, rules or market standards may limit our activities and have a negative effect on our business or our ability to implement strategic initiatives, or can result in an increase in operating costs for the business or make our products and services more expensive for clients.

Conduct risk

CSi defines 'conduct risk' as the risk that the conduct of the firm or its individuals unfairly impacts clients or counterparties, undermines the integrity of the financial system or impairs effective competition to the detriment of consumers.

The Non-Financial Risk Framework ('NFR') provides requirements for the identification, management, assessment and mitigation of operational, compliance and conduct risks. Conduct risk is classified as a root cause across the NFR Framework, and the NFR Framework standards and processes are leveraged to aid its identification. A distinct UBS Conduct Risk Framework with specific governance and process requirements enables comprehensive management of conduct risk.

Identifying actual or potential conduct risks is the responsibility of every UBS employee, and all parts of the firm should execute this

responsibility as part of their day-to-day management process by applying the principles that we: differentiate employee-, market- and client-related conduct, and have processes and controls in place to manage each; ensure transparency of employee and firm conduct and produce and review backward- and forward-looking management information covering employee, market and client-related conduct; have clearly defined roles and responsibilities; and have robust governance in place.

Our Code of Conduct Ethics sets out that we are committed to maintaining a culture based on high ethical standards and accountability. We are committed to balancing sustainable performance and appropriate risk-taking, including sound conduct and risk-management practices. In line with stakeholder expectations, this balanced approach protects our capital and reputation and enhances the quality of our financial results. We apply compensation principles reflecting a pay for performance approach. Evaluation of individual performance reflects both the what (contribution) and the how (behavior). We also factor in adherence with laws, rules, regulations, the Code, policies, or procedures.

Replacement of Interbank Offered Rates ('IBOR')

Following significant international and regulatory pressure to replace certain IBOR benchmarks with alternative reference rates ('ARRs'), a major structural change in global financial markets has now completed. Markets and most legacy transactions have been transitioned to alternative reference rates.

Credit Suisse has successfully facilitated the transition away from USD LIBOR by the industry cessation date of 30 June 2023.

No client or internal issues have been reported to date. The small number of trades that did not have robust fallback provisions benefited from the LIBOR Act or the temporary availability of USD Synthetic LIBOR, and none of these trades were booked in CSi.

31 December 2022 (USD millions) ¹	Financial instruments yet to transition to alternative benchmarks, by main benchmark				Total
	USD Libor	GBP Libor	JPY Libor	SGD SOR	
Notional value of non-derivative financial assets	8	–	–	–	8
Notional value of non-derivative financial liabilities	30	–	–	–	30
Derivative notional contract amount	140,764	0	0	230	140,994

¹ This table does not include financial instruments that reference a benchmark interest rate that is required to transition to an alternative benchmark rate, but which will mature prior to that transition date.

The table also does not include financial instruments that reference a benchmark interest rate having effective fallback provisions.

Evaluation and management of non-financial risks

CS group aims to maintain the integrity of its business, operations and reputation as a core principle guiding the management and oversight of non-financial risks by ensuring that day-to-day operations are sustainable and resilient, do not expose CS group to significant losses and enable its employees to make decisions and conduct business in line with its values and desired reputation as a firm.

Each business area and function is responsible for its risks and the provision of adequate resources and procedures for the management of those risks. They are supported by the designated second line of defense functions responsible for independent risk and compliance oversight, methodologies, tools and reporting within their areas as well as working with management on non-financial risk issues that arise. Businesses and relevant control functions meet regularly to discuss risk issues and identify required actions to mitigate risks.

The Non-Financial Risk function oversees the Group's established NFRF, providing a consistent and unified approach to evaluating and monitoring the Group's non-financial risks. Non-financial risk appetites are established and monitored under the Group-wide risk appetite framework, aligned with the NFRF, which sets common minimum standards across the UBS Group for non-financial risk and control processes and review and challenge activities. Risk and control assessments are in place across all divisions and functions, consisting of the risk and control self-assessments and compliance risk assessments. Key non-financial risks are identified annually and represent the most significant risks requiring senior management attention. Where appropriate, remediation plans are put in place with ownership by senior management and ongoing oversight through the Non-Financial Risk and Resilience Committee ('NFRRC') or Legal Entity Risk Committees.

Non-financial risk capital management

CSi's activities to manage non-financial risk capital include scenario analysis and operational risk regulatory capital measurement, as further described below. In addition, CSi transfers the risk of potential losses from certain non-financial risks to third-party insurance companies in certain instances.

Non-financial risk scenario analysis

Non-financial risk scenario analysis is forward-looking and is used to identify and measure exposure to a range of potential adverse events, such as unauthorised trading, transaction processing errors and compliance issues. These scenarios help businesses and functions assess the suitability of controls in light of existing risks and estimate hypothetical but plausible risk exposures. Scenarios are developed as qualitative estimation approaches to support stressed loss projections and capital calculations (both economic and regulatory capital) as part of regulatory requirements set by regulatory agencies in the jurisdictions in which CSi group operates.

Non-financial risk stress loss projections

Operational losses may increase in frequency and magnitude during periods of economic stress and/or market volatility. CS group estimates the potential operational loss that may be experienced under a variety of adverse economic conditions through stress testing by quantifying historically observed relationships between various types of operational losses and the economy, and through expert consideration of impacts on key non-financial risks.

Non-financial risk regulatory capital measurement

CS group uses a set of internally validated and approved models to calculate its regulatory capital requirements for non-financial risk (also referred to as "operational risk capital") across the CS group and for legal entities. For CS group regulatory capital requirements, it uses a model under the AMA. The model is based on a loss distribution approach that uses relevant historical internal and external loss data to estimate frequency and severity distributions for different types of potential non-financial risk losses, such as an unauthorised trading incident, execution

delivery errors, fraud, litigation events or a material business disruption. Business experts and senior management review and challenge model parameters in light of changes of business environment and internal control factors to ensure that the capital projection is reasonable and forward-looking. Deductions are taken from the regulatory capital requirement for non-financial risk to account for the mitigating values of insurance policies held by the CS group. The regulatory capital requirement represents the 99.9th percentile of the estimated distribution of total operational losses for the CS group over a one-year time horizon. A risk-sensitive approach is applied to allocate capital to the businesses.

Governance of non-financial risks

Effective governance processes establish clear roles and responsibilities for managing non-financial risks and define appropriate escalation processes for outcomes that are outside expected levels. CS group utilises a comprehensive set of policies and procedures that set out how employees are expected to conduct their activities, including clearly defined roles for each of the three lines of defense to achieve appropriate segregation of duties.

Non-Financial Risk is responsible for setting minimum standards for managing non-financial risks at the CS group level. This includes ensuring the cohesiveness of policies and procedures, tools and practices throughout the CS group, particularly with regard to the identification, evaluation, mitigation, monitoring and reporting of these risks. Other second line of defense oversight functions are responsible for setting supplemental policies and procedures where applicable. Non-Financial Risk also oversees the global read-across framework, under which the CS group performs comprehensive reviews of risk events and/or emerging risks to identify underlying root causes, and considers their applicability across other divisions, significant legal entities or corporate functions with the goal of minimising re-occurrence in a sustainable manner through enhancements of processes and/or key controls to support reduction of relevant residual risks.

Non-financial risk exposures, metrics, issues and remediation efforts are discussed in various risk management committees across the organisation, including in the NFRRC which escalates to the ExB RMC, and in divisional risk management committees and relevant thematic risk committees which escalate to the NFRRC. Key, significant and trending non-financial risk themes are discussed in governance forums where appropriate, including risk themes that may emerge due to significant internal or external events and any corresponding tactical or strategic control enhancements that may be required in order to maintain adequate internal controls in response to such events.

For conduct risk, periodic monitoring of metrics is based on thresholds set by severity level, with material trends identified and escalated as appropriate to senior management.

viii) Reputational Risk

CSi highly values its reputation and is fully committed to protecting it through a prudent approach to risk-taking, and responsible approach to business. This is achieved through use of dedicated

processes, resources and policies focused on identifying, evaluating, managing and reporting potential reputational risks. This is also achieved through applying the highest standards of personal accountability and ethical conduct as set out in the CS group Code of Conduct, and the firm's approach to Cultural Values.

CSi acknowledges that as a large global financial institution, with a wide range of businesses and stakeholders, it may be subject to general criticism or negative perception from time to time which may negatively impact its reputation.

CSi also acknowledges that it will knowingly engage in specific activities where opinions may vary depending on the perspective and standpoint of each party, and which may lead to negative perception from some stakeholders.

In both these cases, CSi accepts reputational risk only where CS group can justify at the time decisions are taken that:

- The activity is in line with our stated Code of Conduct, and Conduct and Ethics Standards;
- Informed judgement is exercised in line with our internal sector policies and thematic guidelines, including region specific concerns or mitigation, where applicable.

- Matters have been subject to governance review in line with relevant escalation criteria

CSi has no appetite for engaging in activity that exposes CS group to reputational risk where these conditions are not met.

CSi has adopted the Global Policy on Reputational Risk which states that all personnel are responsible for assessing the potential reputational impact of any activity in which they engage, and for determining whether those activities require submission for review through the Reputational Risk Review Process ('RRRP').

40 Offsetting of Financial Assets and Financial Liabilities

The disclosures set out in the following tables below include derivative instruments, reverse repurchase and repurchase agreements, securities lending and borrowing transactions, and other assets and liabilities that:

- are offset in the CSi group's Consolidated Statement of Financial Position; or
- are subject to an enforceable master netting agreement or similar agreement, irrespective of whether they are offset in the CSi group's Consolidated Statement of Financial Position.

Similar agreements include derivative clearing agreements, global master repurchase agreements, global master securities lending agreements, and any related rights to financial collateral.

Financial instruments such as Loans and Due to Banks are not disclosed in the following tables. They are not offset in the Consolidated Statement of Financial Position.

Derivatives

The UBS Group AG transacts bilateral OTC derivatives (OTC derivatives) mainly under International Swaps and Derivatives Association ('ISDA') Master Agreements. These agreements provide for the net settlement of all transactions under the agreement through a single payment in the event of default or termination under the agreement.

The above ISDA Master Agreements do not meet the criteria for offsetting in the Statement of Financial Position. This is because they create a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of CSi group or the counterparties or following other predetermined events. In addition, CSi group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

Collateral for OTC derivatives is received and provided in the form of cash and marketable securities. Such collateral may be subject to the standard industry terms of an ISDA Credit Support Annex. The terms of an ISDA Credit Support Annex provide that securities received or provided as collateral may be pledged or sold during the term of the transactions and must be returned upon maturity of the transaction. These terms also give each counterparty the right to terminate the related transactions upon the other counterparty's failure to post collateral. Financial collateral received or pledged for OTC derivatives may also be subject to collateral agreements which restrict the use of financial collateral.

For exchange-traded derivatives and OTC-cleared derivatives, positive and negative replacement values and related cash collateral are offset if the terms of the rules and regulations governing these exchanges and central clearing counterparties permit such netting and offset because the CSi group:

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

To meet criterion (a), the right of set-off:

- must not be contingent on a future event; and
- must be legally enforceable in all of the following circumstances:
 - (i) the normal course of business;
 - (ii) the event of default; and
 - (iii) the event of insolvency or bankruptcy of the entity and all of the counterparties.

Criterion (b) may only be met, if – depending on the settlement mechanism – certain criteria are met (e.g. derivatives with the same currency).

Where no such agreements exist, fair values are recorded on a gross basis.

Exchange traded derivatives or OTC cleared derivatives that are fully margined and for which the daily margin payment constitute settlement of the outstanding exposure are not included in the offsetting disclosures because they are not subject to offsetting due to daily settlement. The daily margin payments which are unsettled until the next settlement cycle is conducted are presented in brokerage receivables or brokerage payables.

Under IFRS, the CSi group has elected to account for substantially all financial instruments with an embedded derivative that is not considered closely related to the host contract at fair value. Where these hybrid financial instruments are subject to an enforceable master netting agreement or similar agreement, they are included in the tables.

Reverse repurchase and repurchase agreements and securities lending and borrowing transactions

Reverse repurchase and repurchase agreements are generally covered by global master repurchase agreements. In certain situations, for example in the event of default, all contracts under the agreements are terminated and are settled net in one single payment. Global master repurchase agreements also include payment or settlement netting provisions in the normal course of business that state that all amounts in the same currency payable by each party to the other under any transaction or otherwise under the global master repurchase agreement on the same date shall be set off.

Bilateral reverse repurchase and repurchase transactions are netted in the Consolidated Statement of Financial Position if the global master repurchase agreements permit such netting and offset because CSi group:

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

The net settlement criterion in (b) will also be met, if the CSi group can settle amounts in a manner such that the outcome

is, in effect, equivalent to net settlement. This will occur if, and only if, the gross settlement mechanism has features that eliminate or result in insignificant credit and liquidity risk, and that will process receivables and payables in a single settlement process or cycle.

The amounts offset are measured on the same basis as the underlying transaction (i.e. on an accrual basis or fair value basis).

Securities lending and borrowing transactions are generally executed under global master securities lending agreements with netting terms similar to ISDA Master Agreements. In certain situations, for example in the event of default, all contracts under the agreement are terminated and are settled net in one single payment. Transactions under these similar agreements are not netted in the Consolidated Statement of Financial Positions because most securities lending and borrowing transactions do not meet the criterion of having the same settlement date specified at inception of the transaction, and therefore they are not eligible for netting in the Consolidated Statement of Financial Positions apart from the other conditions to be met for netting.

Reverse repurchase and repurchase agreements are collateralised principally by government securities, money market instruments and corporate bonds and have terms ranging from overnight to a longer or unspecified period of time. In the event of counterparty default, the reverse repurchase agreement or securities lending agreement provides CSi group with the right to liquidate the collateral held. As is the case in CSi group's normal course of business, CSi actively manages collateral, and relevant collateral received that may be sold or repledged was sold or repledged as of 31 December 2023 and 31 December 2022. In certain circumstances, financial collateral received may be restricted during the term of the agreement (e.g. in tri-party arrangements).

The following table presents the gross amount of securities purchased under resale agreements and securities borrowing transactions subject to enforceable master netting agreements, the amount of offsetting, the amount of securities purchased under resale agreements and securities borrowing transactions not subject to enforceable master netting agreements and the net amount presented in the Consolidated Statement of Financial Position.

Offsetting of Financial Assets and liabilities and amounts not offset in the Consolidated Statement of Financial Position

Group	Amounts subject to enforceable master netting agreements			Amounts not offset in the Consolidated statement of Financial Position				Total
	Gross	Offsetting	Net	Financial instruments ²	Cash collateral received/pledged ²	Net exposure	Amounts not subject to enforceable master netting agreements ¹	
Financial Assets								
Derivative assets	57,961	(996)	56,965	(49,745)	(6,261)	959	375	57,340
<i>of which recorded in trading financial assets mandatorily at fair value through profit or loss</i>	<i>57,958</i>	<i>(996)</i>	<i>56,962</i>	<i>(49,745)</i>	<i>(6,261)</i>	<i>956</i>	<i>375</i>	<i>57,337</i>
<i>of which recorded in non-trading financial assets mandatorily at fair value through profit or loss</i>	<i>3</i>	<i>-</i>	<i>3</i>	<i>-</i>	<i>-</i>	<i>3</i>	<i>-</i>	<i>3</i>
Securities purchased under resale agreements	25,878	(1,326)	24,552	(24,512)	(40)	-	-	24,552
Securities borrowing transactions	662	-	662	(662)	-	-	-	662
Loans	326	(56)	270	-	-	270	-	270
Other Assets- cash collateral on derivative instruments	15,525	(3)	15,522	-	(7,917)	7,605	206	15,728
Funded Derivatives Assets	-	-	-	-	-	-	-	-
Financial Liabilities								
Derivative liabilities	58,990	(940)	58,050	(49,744)	(7,917)	389	512	58,562
<i>of which recorded in trading financial liabilities mandatorily at fair value through profit or loss</i>	<i>58,990</i>	<i>(940)</i>	<i>58,050</i>	<i>(49,744)</i>	<i>(7,917)</i>	<i>389</i>	<i>512</i>	<i>58,562</i>
<i>of which recorded in financial liabilities designated at fair value through profit or loss</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
Securities sold under resale agreements	8,886	(835)	8,051	(8,037)	-	14	-	8,051
Securities lending transactions	306	-	306	(306)	-	-	-	306
Short Positions	2,541	(584)	1,957	-	-	1,957	-	1,957
Other Liabilities- cash collateral on derivative instruments	7,521	(22)	7,499	-	(6,261)	1,238	55	7,554
Funded Derivatives Liabilities	-	-	-	-	-	-	-	-

¹ Represents instruments where a legal opinion supporting the enforceability of netting in the event of default or termination under the agreement is not in place.

² The total amount reported in financial instruments and cash collateral is limited to the net amount for the related instruments presented in the Consolidated Statement of Financial Position.

Net exposure is subject to further credit mitigation through the transfer of the exposure to other market counterparties by the general use of CDS.

2022 (USD Million)	Amounts subject to enforceable master netting agreements			Amounts not offset in the Consolidated statement of Financial Position				Total
	Gross	Offsetting	Net	Financial instruments	Cash collateral received/pledged	Net exposure	Amounts not subject to enforceable master netting agreements	
Financial Assets								
Derivative assets	98,249	(9,105)	89,144	(73,748)	(9,797)	5,599	930	90,074
<i>of which recorded in trading financial assets mandatorily at fair value through profit or loss</i>	98,242	(9,105)	89,137	(73,748)	(9,797)	5,592	930	90,067
<i>of which recorded in non-trading financial assets mandatorily at fair value through profit or loss</i>	7	–	7	–	–	7	–	7
Securities purchased under resale agreements	33,476	(6,792)	26,684	(26,450)	(234)	–	2,024	28,708
Securities borrowing transactions	2,905	–	2,905	(2,857)	–	48	7	2,912
Loans	1,171	(66)	1,105	–	–	1,105	–	1,105
Other Assets- cash collateral on derivative instruments	18,250	(345)	17,905	–	(10,461)	7,444	533	18,438
Funded Derivatives Assets	6	–	6	(6)	–	–	43	49
Financial Liabilities								
Derivative liabilities	96,886	(9,369)	87,517	(72,926)	(10,461)	4,130	973	88,490
<i>of which recorded in trading financial liabilities mandatorily at fair value through profit or loss</i>	96,869	(9,369)	87,500	(72,926)	(10,461)	4,113	973	88,473
<i>of which recorded in financial liabilities designated at fair value through profit or loss</i>	17	–	17	–	–	17	–	17
Securities sold under resale agreements	20,999	(6,279)	14,720	(14,553)	(166)	1	556	15,276
Securities lending transactions	2,838	–	2,838	(2,615)	–	223	–	2,838
Short Positions	5,583	(662)	4,921	–	–	4,921	–	4,921
Other Liabilities- cash collateral on derivative instruments	11,499	(29)	11,470	–	(9,797)	1,673	90	11,560
Funded Derivatives Liabilities	914	(527)	387	(6)	–	381	3,054	3,441

The offsetting tables above apply to both, CSi group and Bank.
The only exception to the Bank tables is in the lines as shown below.

Bank	Amounts subject to enforceable master netting agreements			Amounts not offset in the Consolidated statement of Financial Position				Total
	Gross	Offsetting	Net	Financial instruments	Cash collateral received/pledged	Net exposure	Amounts not subject to enforceable master netting agreements	
2023 (USD Million)								
Financial Assets								
Loans	330	(56)	274	–	–	274	–	274

2022 (USD Million)	Amounts subject to enforceable master netting agreements			Amounts not offset in the Consolidated statement of Financial Position				Total
	Gross	Offsetting	Net	Financial instruments	Cash collateral received/pledged	Net exposure	Amounts not subject to enforceable master netting agreements	
Financial Assets								
Derivative assets	98,249	(9,105)	89,144	(73,748)	(9,797)	5,599	1,051	90,195
<i>of which recorded in trading financial liabilities mandatorily at fair value through profit or loss</i>	98,242	(9,105)	89,137	(73,748)	(9,797)	5,592	1,051	90,188
<i>of which recorded in other assets</i>	7	–	7	–	–	–	–	7
Financial Liabilities								
Derivative liabilities	96,886	(9,369)	87,517	(72,926)	(10,461)	4,130	1,237	88,754
<i>of which recorded in trading financial liabilities mandatorily at fair value through profit or loss</i>	96,869	(9,369)	87,500	(72,926)	(10,461)	4,113	1,237	88,737
<i>of which recorded in other liabilities</i>	17	–	17	–	–	17	–	17

41 Capital Adequacy

The Bank's capital adequacy is monitored and governed by the PRA. The regulatory rules are set out in the PRA's Rulebook, which includes onshored rules from the Capital Requirements Regulation ('CRR') and the Capital Requirements Directive ('CRD').

The CS group considers a strong and efficient capital position to be a priority. Consistent with this, the Bank closely monitors its capital position on a continuing basis to ensure ongoing stability and support of its business activities. This monitoring takes account of the requirements of the current regulatory regime and any forthcoming changes to the capital framework or to the Bank's business model. The CS group continues to provide confirmation that it will ensure that the Bank is able to meet its debt obligations and maintain a sound financial position over the foreseeable future.

Multi-year business forecasts and capital plans are prepared by CSi, considering its business strategy and the impact of known regulatory changes. These plans are subjected to various stress tests, reflecting both macroeconomic and specific risk scenarios, as part of the ICAAP. Within these stress tests, potential management actions, that are consistent with both the market conditions implied by the stress test and the stress test outcome, are identified. The results of these stress tests and associated management actions are updated regularly, as part of the ICAAP, with results documented and reviewed by the Board of Directors. The ICAAP then forms the basis for any Supervisory Review and Evaluation Process ('SREP') that the PRA conducts when assessing an institution's level of regulatory capital.

Own Funds

Own funds comprise a number of 'Tiers'. Tier 1 capital principally comprises shareholders' equity (Common Equity Tier 1 ('CET1') and Additional Tier 1 ('AT1')). Total capital equals the sum of these with adjustments including regulatory deductions and prudential filters.

The Bank's overall capital needs are reviewed to ensure that its own funds can appropriately support the anticipated needs of its businesses. The capital management framework is designed to ensure that own funds are sufficient to support the underlying risks of the business activity, to meet the objectives of management and to meet the requirements of regulators, rating agencies and market participants.

During 2023, The Bank paid a dividend of USD 1.1 billion to Credit Suisse AG and there was a repayment of residual Tier 2 capital of USD 3.2 million.

Overall movements in capital resources were as follows:

	2023	2022
Regulatory capital less deductions (USD million)		
Total regulatory capital less deductions at 1 January	15,812	15,027
Other equity instruments ³	1,200	1,200
Net movement on Tier 2 capital ¹	(3)	(2)
Net Movement in shareholder's equity ²	(2,941)	(925)
Net movement in regulatory deductions and prudential filters	1,021	512
Total regulatory capital less deductions at 31 December³	13,889	15,812

¹ Net movement on Tier 2 capital represents repayment of subordinated debt in 2023.

² Net move in shareholders equity includes changes in retained earnings, other reserves and capital contribution reserve.

³ Changes in Tier 1 instruments are already covered in Note 2, and are of which disclosures. These need to be excluded for arriving at the final capital in above table.

The following table sets out details of CSi's own funds at 31 December 2023 and 2022.

	2023	2022
Regulatory capital less deductions (USD millions)		
Total shareholders' equity – Bank	14,962	17,904
Shareholders' equity	14,962	17,904
Other deductions:		
Regulatory deductions (Intangible assets)	(83)	(478)
Securitisation positions	(7)	(7)
DTA on non-temporary differences	(59)	–
Excess of expected loss amounts over credit risk adjustments	(37)	(49)
Defined benefit pension fund assets	(400)	(408)
Free Delivery	(2)	(16)
Prudential filters	(486)	(1,137)
Total Tier 1 capital	13,889	15,809
Tier 2 capital		
Subordinated debt	–	3
Total Tier 2 capital	–	3
Total Tier 1 plus Tier 2 capital less Deductions	13,889	15,812

Country-by-country reporting

Independent auditors' report to the directors of Credit Suisse International

Report on the audit of the country-by-country information

Opinion

In our opinion, Credit Suisse International's ("CSI group and the Bank" hereafter) country-by-country information for the year ended 31 December 2023 has been properly prepared, in all material respects, in accordance with the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013.

We have audited the country-by-country information for the year ended 31 December 2023 in the section headed Country-by-Country Reporting of the Annual Report 2023

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)"), including ISA (UK) 800 and ISA (UK) 805, and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the country-by-country information section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the CSI group and the Bank in accordance with the ethical requirements that are relevant to our audit of the country-by-country information in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of matter - Basis of preparation

In forming our opinion on the country-by-country information, which is not modified, we draw attention to the relevant section of the country-by-country information which describes the basis of preparation. The country-by-country information is prepared for the directors for the purpose of complying with the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013. The country-by-country information has therefore been prepared in accordance with a special purpose framework and, as a result, the country-by-country information may not be suitable for another purpose.

Conclusions relating to going concern

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

- Performing a detailed risk assessment to identify factors that could impact the going concern basis of accounting.
- Understanding and evaluating the CSI group and Bank's current and forecast performance and reviewing key assumptions made in the forecasting process.
- Gaining an understanding of, and reviewing, management's assessment of the CSI group's capital and liquidity position, taking into account the ability of their parent, Credit Suisse AG, to provide support given the CSI group's reliance on funding from them.
- Considering the results of procedures performed by the group auditor to support the going concern assessment for Credit Suisse AG.
- We performed substantive procedures to obtain evidence of management's conclusions. These included review of regulatory correspondence, inspection of contracts and transaction terms related to intra-group funding facilities and back-testing of financial planning assumptions.
- We assessed whether the directors' disclosures in relation to going concern adequately reflect the risks and uncertainties facing the CSI group and Bank based on our understanding of the business.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the CSI group and Bank's ability to continue as a going concern for a period of at least twelve months from the date on which the country-by-country information is authorised for issue.

In auditing the country-by-country information, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the country-by-country information is appropriate.

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

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

Reporting on other information

The other information comprises all of the information in the Country-by-Country Report - description as defined in the second paragraph of the opinion section above other than the country-by-country information and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the country-by-country information does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

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

Responsibilities for the country-by-country information and the audit

Responsibilities of the directors for the country-by-country information

The directors are responsible for the preparation of the country-by-country information in accordance with the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013 as explained in the basis of preparation, and for determining that the basis of preparation and accounting policies are acceptable in the circumstances. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of country-by-country information that is free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the country-by-country information

It is our responsibility to report on whether the country-by-country information has been properly prepared in accordance with the relevant requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013.

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

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

Based on our understanding of the CSi group and Bank and industry, we identified that the principal risks of non-compliance with laws and regulations related to securities markets, trading and other financial products and services including conduct of business, principally those determined by the Prudential Regulation Authority and the Financial Conduct Authority, and we considered the extent to which non-compliance might have a material effect on the country-by-country information. We also considered those laws and regulations that have a direct impact on the country-by-country information such as the Companies Act 2006 and the Capital Requirements (Country-by-Country Reporting) Regulations 2013. We evaluated management's incentives and opportunities for fraudulent manipulation of the country-by-country information (including the risk of override of controls), and determined that the principal risks were related to misstatement in disclosure. Audit procedures performed by the engagement team and/or supporting auditors included:

- enquiring with management and, where appropriate, those charged with governance;
- obtaining an understanding of the relevant laws and regulations, including the relevant requirement of the Capital Requirements (Country-by-Country Reporting) Regulations 2013;
- obtaining client schedules and other information used to prepare country-by country disclosures and agree to audit work performed and audit evidence; and
- testing taxes paid.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the country-by-

country information. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

This report, including the opinion, has been prepared for and only for the CSi group's and the Bank's directors in accordance with the Capital Requirements (Country-by-Country Reporting) Regulations 2013 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, save where expressly agreed by our prior consent in writing.

The engagement partner responsible for this audit is Duncan McNab.



PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
27 March 2024

Country-by-Country Reporting

Article 89 of the Capital Requirements Directive IV (Directive 2013/36/EU) requires institutions (credit institutions or investment firms, their branches, and subsidiaries) to disclose annually: their name, the nature of their activities and geographic location, number of employees, and their turnover, profit or loss before taxes, taxes paid and public subsidies received, on a country-by-country basis for the year ended 2023.

Basis of Preparation

- **Country:** The geographical location of CSi, its branches and subsidiaries considers the country of incorporation or residence as well as the relevant tax jurisdiction. The applicable countries are listed in the following table.
- **Entity details:** The name of the entity, the entity type, and the nature of activity is defined in the following table. CSi including its branches, is a bank. CSi offers a range of interest rate, currency, equity and Credit-related OTC derivatives and certain securitised products. CSi's business is primarily client-driven, focusing on transactions that address the broad financing, risk management and investment concerns of its worldwide client base. CSi enters into derivative contracts in the normal course of business for market-making, positioning

and arbitrage purposes, as well as for risk management needs, including mitigation of interest rate, foreign currency and credit risk.

- **Average Number of Employees:** Defined as the number of employees on a full time equivalent basis, compensated directly by the entity.
- **Turnover:** Defined as net revenues and is consistent with CSi's financial statements. Net revenues include total income before impairment and operating expenses, but after net interest, net commissions/fees income and investment and trading income.
- **Profit/(Loss) before taxes:** Definition of profit/(loss) before tax is consistent with that within CSi's financial statements, which includes net revenues, less total operating expenses.
- **Corporation Taxes Paid:** Defined as the corporation tax paid for CSi in each country and does not include taxes refunded back to CSi on account of tax overpayments in prior years. Other taxes paid are detailed in the Strategic Report, and throughout the Annual Report.
- **Public Subsidies Received:** Interpreted as direct support by the government and there were no public subsidies received by CSi in 2023 (2022: Nil).

Country by Country Reporting for the year ended 31 December 2023

Name of Entity	Parent, Subsidiary or Branch	Nature of Activity	Average Number of Employees	Turnover (USD million) ¹	Profit/(Loss) before taxes (USD million) ¹	Corporation Taxes Paid (USD million)	Public Subsidies Received (USD million)
United Kingdom							
Credit Suisse International	Parent	Bank	1,880	1,413	(1,736)	–	–
Credit Suisse International	Consolidated ¹		1,880	1,413	(1,736)	–	–

¹ Variable Interest entities are included in the above reporting. For a full list of other consolidated entities please refer Note 36 – Interest in Other Entities.

CSi incurred Bank Levy of USD 6 million, employees' social security of USD 75 million and irrecoverable UK value added tax of USD 5 million.

Country by Country Reporting for the year ended 31 December 2022

Name of Entity	Parent, Subsidiary or Branch	Nature of Activity	Average Number of Employees	Turnover (USD million) ¹	Profit/(Loss) before taxes (USD million) ¹	Corporation Taxes Paid (USD million)	Public Subsidies Received (USD million)
United Kingdom							
Credit Suisse International	Parent	Bank	2,424	2,328	(331)	–	–
Credit Suisse International	Consolidated		2,424	2,328	(331)	–	–

¹ Variable Interest entities are included in the above reporting. For a full list of other consolidated entities please refer Note 36 – Interest in Other Entities.

CSi incurred Bank Levy of USD 11 million, employees' social security of USD 76 million and irrecoverable UK value added tax of USD 27 million.

PART III: MATTERS RELATED TO OTHER SECURITIES

Total fair value of debt in issuance of the Group was USD 8,125 million as at 31 December 2023.

PART IV INFORMATION ON GUARANTOR OF THE COMPANY

N/A

Listing Supplement



Credit Suisse International

Unlisted Securities Programme (Unlimited Program Size)

This Listing Supplement

Under the Programme described in this Listing Supplement (the "**Listing Supplement**"), Credit Suisse International ("**CSI**" or the "**Issuer**"), may issue notes (the "**Notes**" and each a "**Note**"), certificates or warrants on the terms set out herein and in the relevant Pricing Supplement. This Listing Supplement contains information relating to the Issuer and the Notes. It should be read together with (i) any supplements to it from time to time, (ii) any other documents incorporated by reference into it (see "Documents Incorporated by Reference" below) and (iii) in relation to any particular Notes, the Pricing Supplement relating to those Notes.

This Listing Supplement does not apply to: (a) Credit Suisse AG, acting through its London Branch ("**CS**"), notwithstanding that CS is an "Issuer" under the Programme; or (b) securities capable of being issued under the Programme other than Notes.

The Programme

This Listing Supplement is one of a number of offering documents under the unlisted securities programme established on 17 June 2011 for the issuance of Notes, certificates or warrants (the "**Programme**") of CSI and CS. A programme memorandum in respect of the Programme is included as an Annex to this Listing Supplement (the "**Programme Memorandum**").

Listing

Application has been made for the Programme to be listed on the TOKYO PRO-BOND Market.

Pricing Supplement

A separate "Pricing Supplement" document will be prepared for each issuance of Notes and will set out the specific details of the Notes. For example, the relevant Pricing Supplement will specify the issue date, the maturity date, the underlying asset(s) to which the Notes are linked (if any) and/or the applicable "Product Supplement" (if any). The relevant Pricing Supplement may replace or modify the general terms and conditions of the Notes and/or the relevant Product Supplement (if any) to the extent so specified or to the extent inconsistent with the same.

In relation to any particular Series of Notes, this Listing Supplement (including the Annex thereto, any amendments and supplements thereto from time to time, and any other documents incorporated by reference) and the relevant Pricing Supplement will constitute the whole or part of the offering documents for such particular Series of Notes. Each Series of the Notes will be issued pursuant to the Programme on the terms set out herein and in the relevant Pricing Supplement, the offering or solicitation of which will be made based on, *inter alia*, the information contained in this Listing Supplement and the relevant Pricing Supplement. Therefore, you should read this Listing Supplement (including the Annex thereto and the documents which are incorporated by reference) together with the relevant Pricing Supplement.

Potential for Discretionary Determinations by the Issuer under the Notes

Under the terms and conditions of the Notes, following the occurrence of certain events outside of its control, the Issuer may determine in its discretion to take one or more of the actions available to it in order to deal with the impact of such event on the Notes or the Issuer or both. It is possible that any such discretionary determinations by the Issuer could have a material adverse impact on the value of the Notes. An overview of the potential for discretionary determinations by the Issuer under the Notes is set forth in the section headed "Overview of the Potential for Discretionary Determinations by the Issuer" on pages 49 to 52 of this Listing Supplement.

Risk Factors

Investing in the Notes involves certain risks, including that you may lose some or all of your investment in certain circumstances.

Before purchasing Notes, you should consider, in particular, the information in the section headed "Risk Factors" at pages 10 to 47 in this Listing Supplement. You should ensure that you understand the nature of the Notes and the extent of your exposure to risks and consider carefully, in the light of your own

financial circumstances, financial condition and investment objectives, all the information set forth in this Listing Supplement and any documents incorporated by reference herein.

Listing Supplement dated 26 April 2018

No Investment Advice

Prospective investors should have regard to the factors described under the section headed "Risk Factors" in this Listing Supplement. The Issuer is acting solely in the capacity of an arm's length contractual counterparty and not as an investor's financial adviser or fiduciary in any transaction. The purchase of Notes involves substantial risks and an investment in Notes is only suitable for investors who (either alone or in conjunction with an appropriate financial adviser) fully evaluate the risks and merits of such an investment in the Notes and who have sufficient resources to be able to bear any losses that may result therefrom. Therefore, before making an investment decision, prospective investors of Notes should ensure that they understand the nature of the Notes and the extent of their exposure to risks and consider carefully, in the light of their own financial circumstances, financial condition and investment objectives, all the information set forth in this Listing Supplement and any documents incorporated by reference herein. This Listing Supplement cannot disclose whether the Notes are a suitable investment in relation to any investor's particular circumstances; therefore investors should consult their own financial, tax, legal or other advisers if they consider it appropriate to do so and carefully review and consider such an investment decision in the light of the information set forth in this Listing Supplement.

No consent to use this Listing Supplement

The Issuer does not consent to the use of this Listing Supplement (or any supplement thereto or any Pricing Supplement) by any financial intermediary or any other person for the purpose of making a public offering of the Notes anywhere, and the Issuer accepts no responsibility for the content of this Listing Supplement to any person with respect to the making of a public offering of the Notes by any financial intermediary or other person or for the actions of such financial intermediary or other person making such offer.

No other person is authorised to give information on the Notes

In connection with the issue and sale of the Notes, no person is authorised by the Issuer to give any information or to make any representation not contained in the Listing Supplement and/or the relevant Pricing Supplement, and the Issuer does not accept responsibility for any information or representation so given that is not contained within the Listing Supplement and the relevant Pricing Supplement. Neither the Listing Supplement nor any relevant Pricing Supplement may be used for the purposes of an offer or solicitation by anyone, in any jurisdiction in which such offer or solicitation is not authorised, or to any person to whom it is unlawful to make such offer or solicitation, and no action is being taken to permit an offering of the Notes or the distribution of the Listing Supplement or any relevant Pricing Supplement in any jurisdiction where any such action is required except as specified herein.

The distribution of this Listing Supplement is restricted

The distribution of this Listing Supplement and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this document comes are required by the Issuer to inform themselves about, and to observe, such restrictions. For a description of certain restrictions on offers or sales of the Notes and the distribution of this document and other offering materials relating to the Notes, please refer to the section headed "Selling Restrictions".

Information only current as at today's date

The delivery of this document at any time does not imply that any information contained herein is correct at any time subsequent to the date hereof.

No post-issuance information

The Issuer will not be providing any post-issuance information in relation to the Notes.

Supplements

The Issuer may from time to time publish supplement(s) to this Listing Supplement.

United States restrictions

The Notes have not been and will not be registered under the U.S. Securities Act of 1933 (the "**Securities Act**") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act and applicable state securities laws. A further description of the restrictions on offers and sales of the Notes in the United States or to U.S. persons is set out below under "Selling Restrictions".

Prohibition of sales to EEA Retail Investors

The Notes are not intended to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("**MiFID II**"); (ii) a customer within the meaning of Directive 2002/92/EC, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently, no key information document required by Regulation (EU) No 1286/2014 (the "**PRIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

TABLE OF CONTENTS

	Page
OVERVIEW OF THE PROGRAMME.....	6
RISK FACTORS.....	10
1. General considerations	12
2. Risks associated with the creditworthiness of the Issuer.....	12
3. Risks relating to the Notes generally.....	32
4. Risks associated with certain types of Notes and certain product features.....	37
5. Risks associated with Notes that are linked to Underlying Asset(s)	41
6. Risks associated with Notes that are linked to one or more particular types of Underlying Assets	44
7. Risks associated with calculations and determinations by the Issuer and conflicts of interest between the Issuer and holders of Notes	46
DOCUMENTS INCORPORATED BY REFERENCE.....	48
OVERVIEW OF THE POTENTIAL FOR DISCRETIONARY DETERMINATIONS BY THE ISSUER	49
CREDIT SUISSE INTERNATIONAL.....	53
TAXATION.....	58
OFFERS.....	62
ANNEX (PROGRAMME MEMORANDUM).....	63

OVERVIEW OF THE PROGRAMME

This overview must be read as an introduction to this Listing Supplement and any decision to invest in the Notes should be based on a consideration of the Listing Supplement as a whole, including the documents incorporated by reference.

Description of CREDIT SUISSE INTERNATIONAL ("CSI")

CSI is an unlimited company incorporated in England and Wales. CSI is authorised by the Prudential Regulation Authority ("PRA") and regulated by the Financial Conduct Authority ("FCA") and the PRA and operates under English law. Its registered office and principal place of business is at One Cabot Square, London E14 4QJ.

Notes

Notes entitle the holder to payment on the Maturity Date of the Final Redemption Amount (or, if applicable, delivery on a share delivery date of an amount of shares determined pursuant to the terms and conditions of the Notes and payment on the Maturity Date of an amount in cash equal to such holder's fractional interest in one share of the share issuer). The Final Redemption Amount payable on the Maturity Date (or, if applicable, the shares deliverable on the relevant date) may either be the outstanding principal amount (or a specified percentage thereof) or may be linked to one or more Underlying Assets (as described below). The specified denomination and the Maturity Date will be specified in the relevant Pricing Supplement.

Unless redeemed by instalments (if so specified in the relevant Pricing Supplement) the Notes will be redeemed on the Maturity Date specified in the relevant Pricing Supplement. If so specified in the relevant Pricing Supplement, there may also be interim payments and/or mandatory early redemption and/or redemption at the option of the Issuer and/or the holders. Otherwise, Notes may only be redeemed before the Maturity Date for reasons of default by the Issuer or the illegality of the Issuer's payment obligations or hedging arrangements or following certain events affecting the Underlying Assets.

The Notes may bear interest and/or premium at a fixed rate or at different fixed rates for different periods or may bear interest at one or more fixed rates followed by a period in which they bear a floating rate of interest or may bear a floating rate of interest throughout the term of the Notes. Alternatively, they may bear no interest and/or premium. In the case of floating rate interest, the rate will be reset periodically by reference to a reference rate specified in the relevant Pricing Supplement and may be at such rates or at a margin above or below such rates and may be subject to one or more maximum and/or minimum rates of interest and/or premium, all as specified in the relevant Pricing Supplement. The Notes may also bear interest that is linked to one or more Underlying Assets.

Terms and Conditions

The terms and conditions of each issuance of Notes will comprise:

- (a) the "General Terms and Conditions of Notes" set out in the Annex (*Programme Memorandum*) of this Listing Supplement; and
- (b) the issue specific details relating to such Notes, including any terms and conditions relating to any Underlying Assets to which the Notes are linked, as set forth in the relevant Pricing Supplement.

Status of Notes

The Notes are unsubordinated and unsecured obligations of the Issuer and will rank *pari passu* and rateably without preference among themselves and equally with all other unsubordinated and unsecured obligations of the Issuer from time to time outstanding (other than obligations preferred by mandatory operation of law).

Underlying Assets

The amount payable in respect of Notes may be linked to the performance of one or more shares (which may include depositary receipts), equity indices, exchange-traded funds, and/or other variables ("Underlying Assets").

Adjustments

The terms and conditions of the Notes contain provisions dealing with non-business days, non-scheduled trading days, disruption events, adjustment events, extraordinary events and other events

affecting the Issuer's hedging arrangements or the Underlying Asset(s) which may affect the timing and calculation of payments and may result in the Notes being redeemed prior to their scheduled maturity and/or adjustments being made to the Notes.

Governing Law

The Notes will be governed by English law.

Selling Restrictions

Certain restrictions apply to offers, sales or transfers of the Notes in various jurisdictions. No offers, sales or deliveries of the Notes, or distribution of any offering material relating to the Notes, may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations.

Listing

Notes issued under the Programme may be listed on TOKYO PRO-BOND Market but not on any other market or competent authority, in compliance with applicable laws, rules and regulations.

Offer to the Public

Notes issued under the Programme may not be offered to the public.

Clearing Arrangements

The Notes may be cleared through Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme* in accordance with the rules and procedures of such clearing system.

Key risks relating to the Issuer

Notes are general unsecured obligations of the Issuer. Noteholders are exposed to the risk that an Issuer could become insolvent and fail to make the payments owing by it under the Notes.

The Issuer is exposed to a variety of risks that could adversely affect its operations and/or financial condition, including liquidity risk, market risk, credit risk, risks from estimates and valuations, risks relating to off-balance sheet entities, cross-border and currency exchange risk, operational risk, risk management, legal and regulatory risks, competition risks, risks relating to strategy, country risk, conduct risk, reputational risk and the risks of regulatory action in the event that it is failing or the UK resolution authority considers that it is likely to fail.

The general risk management policy of the Issuer is consistent with equivalent functions of other Credit Suisse Group AG (the "**Group**") entities. The Issuer believes that it has effective procedures for assessing and managing risks associated with its business activities. However, the Issuer cannot completely predict all market and other developments and the Issuer's risk management cannot fully protect against all types of risk.

Key risks relating to the Notes

Investors may lose some or all of their investment if one or more of the following occurs: (a) the Notes do not provide for scheduled repayment in full of the issue or purchase price at maturity or upon mandatory early redemption or optional early redemption of the Notes, (b) the Issuer fails and is unable to make payments owing under the Notes, (c) any adjustments are made to the terms and conditions of the Notes following certain events affecting the Issuer's hedging arrangements or the underlying asset(s), that result in the amount payable or shares delivered being reduced, or (d) investors sell their Notes prior to maturity in the secondary market at an amount that is less than the initial purchase price.

Prospective investors should have regard to the factors described under the section headed "Risk Factors" in this Listing Supplement. The Issuer is acting solely in the capacity of an arm's length contractual counterparty and not as an investor's financial adviser or fiduciary in any transaction. The purchase of Notes involves substantial risks and an investment in Notes is only suitable for investors who (either alone or in conjunction with an appropriate financial adviser) fully evaluate the risks and merits of such an investment in the Notes and who have sufficient resources to be able to bear any losses that may result therefrom. Therefore, before making an investment decision, prospective investors of Notes should ensure that they understand the nature of the Notes and the extent of their exposure to risks and consider carefully, in the light of their own financial circumstances, financial condition and investment objectives, all the information set forth in this Listing Supplement and any documents incorporated by reference herein. This Listing Supplement cannot disclose whether the Notes are a suitable investment in relation

to any investor's particular circumstances; therefore investors may wish to consult their own financial, tax, legal or other advisers as they consider appropriate and carefully review and consider such an investment decision in the light of the information set forth in this Listing Supplement.

A secondary market for the Notes may not develop and, if one does develop, it may not provide the holders of the Notes with liquidity and may not continue for the life of the Notes. The Issuer may, but is not obliged to, purchase the Notes at any time at any price, and may hold, resell or cancel them. Where the relevant distributor(s) may only confirm the amount or number of Notes sold to investors after the Notes have been issued, the Issuer may cancel some of the Notes if the amount or number of Notes subscribed for or purchased is less than the aggregate nominal amount or number of Notes (as applicable) issued on the Issue Date. The market for the Notes may be limited. The only way in which a holder can realise value from a Security prior to its maturity is to sell it at its then market price in the market. The price in the market for a Security may be less than its issue price even though the value of any Underlying Asset may not have changed since the issue date. Further, the price at which a holder sells its Notes in the market may reflect a commission or a dealer discount, which would further reduce the proceeds it would receive for its Notes. Accordingly, Notes are only suitable for investors who are prepared to hold Notes for an indefinite period of time or until redemption or expiry of the Notes.

Where amounts payable under Notes are linked to one or more Underlying Assets, an investment in the Notes is not the same as an investment in the Underlying Asset(s) or an investment directly linked to the Underlying Asset(s), and an investor may be worse off as a result. For example:

- the Underlying Asset(s) will not be held by the Issuer for the benefit of investors, and investors will have no rights of ownership, including, without limitation, any voting rights, any rights to receive dividends or other distributions or any other rights with respect to any Underlying Asset;
- if the Notes are subject to a cap, an investor will not participate in any change in the value of the Underlying Asset(s) over and beyond the price, level, rate or other applicable value needed to reach the cap; and
- if the upside participation rate of the Notes is less than 100 per cent. and at maturity the final level, price, rate or other applicable value of the Underlying Asset(s) exceeds the initial level, price, rate or other applicable value, an investor's return may be significantly less than if the holder had purchased the Underlying Asset(s) directly (or otherwise obtained a direct exposure).

The past performance of an Underlying Asset is not an indicator of its future performance. The level, price, rate or other applicable value of an Underlying Asset may go down as well as up throughout the term of the Notes, and such movement may have a negative impact on the value of the Notes.

Before purchasing Notes, investors should ensure that they understand the unique nature, characteristics and risks of the Underlying Asset(s), and how the value of the Notes could be affected by the performance of the Underlying Asset(s).

If an Underlying Asset is located in or exposed to one or more emerging market countries, there may be additional event, political, economic, credit, currency, market, regulatory/legal, settlement and clearing risks.

Investors may be exposed to currency risks because (a) the Underlying Asset(s) may be denominated or priced in currencies other than the currency in which the Notes are denominated, or (b) the Notes and/or the Underlying Asset(s) may be denominated in currencies other than the currency of the country in which the investor is resident. The value of the Notes may therefore increase or decrease as a result of fluctuations in those currencies.

In certain circumstances, the Issuer may make adjustments to the terms of the Notes (including substituting an Underlying Asset) or redeem or cancel them at an Early Redemption Amount as determined by it without the consent of the Noteholders. Such Early Redemption Amount may be less than the issue price of the Notes and may be as low as zero. In making any such adjustments or determinations, the Issuer in such capacity will (whether or not expressed to be the case in the Conditions) act in good faith and in a commercially reasonable manner, and (where there is a corresponding applicable regulatory obligation) shall take into account whether fair treatment is achieved by any such adjustments or determinations in accordance with its applicable regulatory obligations. Please refer to the section headed "Overview of the Potential for Discretionary Determinations by the Issuer" for more information.

The Issuer is subject to a number of conflicts of interest, including:

- in making certain calculations and determinations, there may be a difference of interest between the Noteholders and the Issuer;

- in the ordinary course of its business the Issuer (or an affiliate) may effect transactions for its own account and may enter into hedging transactions with respect to the Notes or Underlying Asset(s) which may have a negative impact on the liquidity or value of the Notes;
- the Issuer (or an affiliate, or any employees thereof) may have confidential information in relation to an Underlying Asset or any derivative transaction referencing it, but which the Issuer is under no obligation (and may be subject to legal prohibition) to disclose; and
- in relation to proprietary indices sponsored by the Issuer or an affiliate.

Unless otherwise specified in the relevant Pricing Supplement, the net proceeds from each issue of Notes will be used to hedge the obligations of the Issuer under the Notes and for general corporate purposes.

Save for any fees payable to the Dealer(s) and/or distributor(s), so far as the Issuer is aware, no person involved in the issue or offer of the Notes has an interest material to such issue or offer.

The applicable terms and conditions of the Notes and any expenses charged to the investor will be specified in the relevant Pricing Supplement.

RISK FACTORS

Warning: The terms and conditions of certain Notes issued under this Listing Supplement may not provide for scheduled repayment in full of the issue or purchase price at maturity. In such case, you may lose some or all of your investment.

Even if the relevant Notes do provide for scheduled repayment in full of the issue or purchase price at maturity or upon mandatory early redemption or optional early redemption of the Notes, you will still be exposed to the credit risk of the Issuer and will lose up to the entire value of your investment if the Issuer either fails or is otherwise unable to meet its payment obligations. The Notes are not deposits and are not protected under any deposit insurance or protection scheme.

You may also lose some or all of your investment if:

- **you sell your Notes prior to maturity in the secondary market at an amount that is less than your initial purchase price;**
- **your Notes are redeemed early under their terms and conditions at the discretion of the Issuer and the Early Redemption Amount paid to you is less than the initial purchase price; or**
- **your Notes are subject to certain adjustments in accordance with the terms and conditions of the Notes that may result in any amount payable (or deliverable) on the Notes (whether at maturity or otherwise) being reduced to, or being valued at, an amount that is less than your investment.**

Risk Factors	Page
1. General considerations	12
2. Risks associated with the creditworthiness of the Issuer	12
<ul style="list-style-type: none"> (a) General risks (b) Risks relating to CSi (c) Risks relating to regulatory action in the event that CSi is failing or the UK resolution authority considers that it is likely to fail (d) The UK's decision to leave the EU 	
3. Risks relating to the Notes generally	32
<ul style="list-style-type: none"> (a) Potential loss of some or all of the investment (b) Limited liquidity (c) No obligation to maintain listing (d) The Issue Price may be more than the market value of the Notes (e) The market value of the Notes will be affected by many factors and cannot be predicted (f) The market value of the Notes may be highly volatile (g) Over-issuance of Notes by the Issuer (h) In certain circumstances, the Issuer may redeem the Notes (other than due to a mandatory automatic early redemption event or exercise of a Call Option) prior to their scheduled maturity. The Early Redemption Amount payable on such early redemption may be less than the issue price or the purchase price and investors may therefore lose some or all of their investment and may not be able to reinvest the proceeds in another investment offering a comparable return (i) In certain circumstances, the Issuer may adjust the terms of the Notes, and such adjustment may have a negative effect on the value of the Notes. (j) Tax (k) Proposed Financial Transaction Tax (l) Issue of further Notes (m) Risk of cancellation of issue of Notes 	

(n)	Risks relating to the Euro and the Euro zone	
(o)	There are particular risks in relation to Notes denominated in or referencing CNY	
4.	Risks associated with certain types of Notes and certain product features (a) Optional redemption by the Issuer (b) A "participation" factor of over 100 per cent. means that you may participate disproportionately in the performance of the Underlying Asset(s) (c) A "participation" factor of less than 100 per cent. means that you will not participate in the full positive performance of the Underlying Asset(s) (d) The effect of averaging (e) 'Worst-of' (f) Cap (g) Interest rate risks (h) Emerging markets risks (i) Jurisdictional Event (j) Occurrence of Additional Disruption Events	37
5.	Risks associated with Notes that are linked to Underlying Asset(s) (a) Past performance of an Underlying Asset is not a reliable indicator of future performance (b) No rights of ownership in an Underlying Asset (c) Exposure to currency risks (d) Substitute Dividend and Dividend Equivalent Payments (e) Correction of published prices or levels (f) Risks associated with Notes linked to a basket of Underlying Assets (g) Risks associated with physical delivery of Underlying Asset(s) (h) Regulation and reform of "benchmarks", including LIBOR, EURIBOR and other interest rate, equity, commodity, foreign exchange rate and other types of benchmarks (i) It may not be possible to use the Notes as a perfect hedge against the market risk associated with investing in the Underlying Asset(s) (j) There may be regulatory consequences to Noteholders holding Notes linked to an Underlying Asset	41
6.	Risks associated with Notes that are linked to one or more particular types of Underlying Assets (a) Risks associated with shares (b) Risks associated with Equity Indices	44
7.	Risks associated with calculations and determinations by the Issuer and conflicts of interest between the Issuer and holders of Notes (a) Exclusion of liability for calculations and determinations (b) Calculations and determinations under the Notes (c) Hedging and dealing activities in relation to the Notes and Underlying Asset(s) (d) Confidential information relating to the Underlying Assets	46

1. General considerations

The purchase of Notes involves substantial risks and an investment in the Notes is only suitable for investors who have the knowledge and experience in financial and business matters necessary to enable them (either alone or in conjunction with an appropriate financial adviser) to evaluate the risks and merits of an investment in the Notes and who have sufficient resources to be able to bear any losses that may result therefrom. The Issuer is acting solely in the capacity of an arm's length contractual counterparty and not as an investor's financial adviser or fiduciary in any transaction.

Before making any investment decision, prospective investors in the Notes should ensure that they understand the nature of the Notes and the extent of their exposure to risks involved.

The Issuer believes that the factors described below may affect its abilities to fulfil its obligations under the Notes. Most of these factors are contingencies which may or may not occur and which could have a material adverse effect on the Issuer's businesses, operations, financial condition or prospects, which, in turn, could have a material adverse effect on the return investors will receive on the Notes. The Issuer does not express a view on the likelihood of any such contingency occurring.

The Issuer believes that the factors described below are material for the purpose of assessing the market risks associated with the Notes and represent the material risks inherent in investing in the Notes, but these are not the only risks that the Issuer faces or that may arise under the Notes. There will be other risks that the Issuer does not currently consider to be material, or risks that the Issuer is currently not aware of, or risks that arise due to circumstances specific to the investor, and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive of all such risks.

More than one investment risk may have simultaneous effect with regard to the value of the Notes and the effect of any single investment risk may not be predictable. In addition, more than one investment risk may have a compounding effect and no assurance can be given as to the effect that any combination of investment risks may have on the value of Notes.

2. Risks associated with the creditworthiness of the Issuer

(a) General risks

The Notes are general unsecured obligations of the Issuer. Noteholders are exposed to the credit risk of the Issuer. The Notes will be adversely affected in the event of (i) a default, (ii) a reduced credit rating of the Issuer, (iii) increased credit spreads charged by the market for taking credit risk on the Issuer or (iv) a deterioration in the solvency of the Issuer.

If the Issuer either fails or is otherwise unable to meet its payment obligations, you may lose up to the entire value of your investment. The Notes are not deposits and are not protected under any deposit insurance or protection scheme.

The profitability of the Issuer will be affected by, among other things, liquidity risk, market risk, credit risk, risks relating to its strategy, risks from estimates and valuations, risks relating to off-balance sheet entities, country and currency exchange risk, operational risk, legal and regulatory risks and competition risk. These risks are discussed in further detail below.

These risk factors should be read together with the risk factors listed under risk factor 2(b) (*Risks relating to CSi*) below. Such risk factors are risk factors that are material to the Notes in order to assess the market risk associated with them or which may affect the Issuer's ability to fulfil its obligations under them.

(b) Risks relating to CSi

(i) Market Risk

Overview

Market risk is the risk of loss arising from adverse changes in interest rates, foreign currency exchange rates, equity prices, commodity prices and other relevant parameters, such as market volatilities and correlations. CSi defines its market risk as potential changes in the fair values of financial instruments in response to market movements. A typical transaction will be exposed to a number of different market risks.

CSi has policies and processes in place to ensure that market risk is captured, accurately modelled and reported, and effectively managed. Trading and non-trading portfolios are managed at various organisational levels, from the overall risk positions at CSi level down to specific portfolios. CSi uses market risk measurement and management methods in line with regulatory and industry standards. These include general tools capable of calculating comparable risk metrics across CSi's many activities and focused tools that can specifically model the unique characteristics of certain instruments or portfolios. The tools are used for internal market risk management, internal market risk reporting and external disclosure purposes. The principal portfolio measurement methodologies are Value-at-Risk ("**VaR**") and scenario analysis. The risk management techniques and policies are regularly reviewed to ensure they remain appropriate.

Value-at-Risk

VaR measures the potential loss in terms of fair value of financial instruments due to adverse market movements over a defined time horizon at a specified confidence level. VaR is applicable for market risk exposures with appropriate price histories. Positions can be aggregated in several ways, across risk factors, products and businesses. For example, interest rate risk includes risk arising from money market and swap transactions, bonds, and interest rate, foreign exchange, equity and commodity options. The use of VaR allows the comparison of risk across different asset classes, businesses and Divisions, and also provides a means of aggregating and netting a variety of positions within a portfolio to reflect actual correlations and offsets between different assets.

Historical financial market rates, prices and other relevant parameters serve as a basis for the statistical VaR model underlying the potential loss estimation. CSi uses a ten-day holding period and a confidence level of 99 per cent. to model the risk in its trading portfolios. These assumptions are compliant with the standards published by the Basel Committee on Banking Supervision ("**BCBS**").

CSi uses a historical simulation model for the majority of the risk types and businesses within its trading portfolios. Where insufficient data is available for such an approach, an 'extreme-move' methodology is used.

The model is based on the profit or loss distribution resulting from historical changes in market rates, prices and other relevant parameters applied to evaluate the portfolio. This methodology also avoids any explicit assumptions on the correlation between risk factors. CSi uses a three-year historical dataset to compute VaR. To ensure that VaR responds appropriately in times of market stress, CSi uses a scaling technique that automatically increases VaR where the short-term market volatility is higher than the long-term volatility in the three year dataset. This results in a more responsive VaR model, as the impact of changes in the overall market volatility is reflected promptly in the VaR model output.

CSi has approval from the Prudential Regulation Authority ("**PRA**") to use its regulatory VaR model in the calculation of the trading book market risk capital requirements.

The VaR model uses assumptions and estimates that CSi believes are reasonable, but changes to assumptions or estimates could result in a different VaR measure. The main assumptions and limitations of VaR as a risk measure are:

- VaR relies on historical data to estimate future changes in market conditions, which may not capture all potential future outcomes, particularly where there are significant changes in market conditions and correlations across asset classes.
- VaR provides an estimate of losses at a 99 per cent. confidence level, which means that it does not provide any information on the size of losses that could occur beyond that threshold.
- VaR is based on a ten-day holding period. This assumes that risks can be either sold or hedged over that period, which may not be possible for all types of exposure, particularly during periods of market illiquidity or turbulence.
- VaR is calculated using positions held at the end of each business day and does not include intra-day changes in exposures.

Scenario analysis

Stress testing complements other risk measures by capturing CSI's exposure to unlikely but plausible events, which can be expressed through a range of significant moves across multiple financial markets. The majority of scenario analysis calculations performed are specifically tailored toward the risk profile of particular businesses, and limits may be established if they are considered the most appropriate control. In addition, to identify areas of risk concentration and potential vulnerability to stress events at CSI level, a set of scenarios are used which are consistently applied across all businesses and assess the impact of significant, simultaneous movements across a broad range of markets and asset classes.

Stress testing is a fundamental element of CSI's risk control framework, stress testing results are used in risk appetite discussions and strategic business planning, and support CSI's internal capital adequacy assessment. Stress testing is conducted on a regular basis and the results, trend information and supporting analysis are reported to the Board, senior management and shared and discussed with the business lines.

Scenarios can be defined with reference to historic events or based on forward looking, hypothetical events that could impact CSI's positions, capital, or profitability. The scenarios used within CSI are reviewed at the individual risk committee level as well as by a dedicated scenario design forum. It is expected that the scenarios used within CSI are redefined as required by changes in market conditions and as business strategies evolve.

Trading portfolios

Risk measurement and management

Market risk arises in CSI's trading portfolios primarily through the trading activities within CSI.

For the purposes of this disclosure, VaR is used to quantify market risk in the trading portfolio. This classification of assets as trading is based on the trading intent and for the purpose of analysing CSI's market risk exposure, not for financial statement purposes.

CSI is active in the principal global trading markets, using the majority of common trading and hedging products, including derivatives such as swaps, futures, options and structured products (some of which are customised transactions using combinations of derivatives and executed to meet specific client or proprietary needs). As a result of CSI's broad participation in products and markets, trading strategies are correspondingly diverse and exposures are generally spread across a range of risk factors and locations.

Development of trading portfolio risks

The table below shows the trading related market risk exposure for CSI, as measured by ten-day 99 per cent. VaR. The VaR in the table has been calculated using a three-year historical dataset. VaR estimates are computed separately for each risk type and for the whole portfolio using the historical simulation methodology. The diversification benefit reflects the net difference between the sum of the 99th percentile loss for each individual risk type and for the total portfolio.

Ten-day, 99 per cent. VaR – trading portfolios

<i>End of period</i>	<i>Interest rate and credit spread</i>	<i>Foreign exchange</i>	<i>Commodity</i>	<i>Equity</i>	<i>Diversification benefit¹</i>	<i>Total</i>
2016 (USD million)						
Average	32	17	6	27	(34)	49
Minimum	16	4	2	17	- ²	27
Maximum	46	30	15	42	- ²	85
End of period	37	16	2	27	(40)	43
2015 (USD million)						
Average	40	17	5	20	(31)	51
Minimum	30	5	1	11	- ²	32
Maximum	54	75	11	53	- ²	102
End of period	33	10	2	27	(22)	50

¹Diversification benefit reflects the net difference between the sum of the 99th percentile loss.

²As the minimum and maximum occur on different days for different risk types, it is not meaningful to calculate a portfolio diversification benefit.

VaR results

The CSi group's ten-day, 99 per cent. regulatory VaR as of 31 December 2016 decreased by 14 per cent. to USD 43 million, compared to 31 December 2015 (USD 50 million).

Banking portfolios

Risk measurement and management

The market risks associated with the non-trading portfolios are measured, monitored and limited using several tools, including scenario analysis, sensitivity analysis and VaR. For the purpose of this disclosure, the aggregated market risks associated with CSi's non-trading portfolios are measured using sensitivity analysis. The sensitivity analysis for the non-trading activities measures the amount of potential change in economic value resulting from specified hypothetical shocks to market factors. It is not a measure of the potential impact on reported earnings in the current period, since the non-trading activities generally are not marked to market through earnings. Foreign exchange translation risk is not included in this analysis.

Development of non-trading portfolio risks

Interest rate risk on banking book positions is shown using sensitivity analysis that estimates the potential change in value resulting from defined changes in interest rate yield curves. The impact of a one-basis-point parallel move in yield curves on the fair value of interest rate-sensitive non-trading book positions would be USD 0.2 million as of 31 December 2016 compared to USD 2.1 million as of 31 December 2015. Non-trading interest rate risk is assessed using other measures including the potential value change resulting from a significant change in yield curves. As of 31 December 2016, the fair value impacts of 200-basis-point move in yield curves (no flooring at zero) were:

- A fair value loss of USD 2 million (2015: gain of USD 373 million) for a +200bps move.
- A fair value loss of USD 72 million (2015: loss of USD 443 million) for a -200bps move.

(ii) **Liquidity Risk**

Liquidity risk is the risk that a bank is unable to fund assets and meet obligations as they fall due under both normal and stressed market conditions.

CS group -wide management of liquidity risk

Liquidity, as with funding, capital and foreign exchange exposures, is centrally managed by Treasury. Oversight of these activities is provided by the Capital Allocation and Risk Management Committee ("**CARMC**"), a committee that includes the Chief Executive Officers ("**CEOs**") of the CS group and the divisions, the Chief Financial Officer ("**CFO**"), the Chief Risk Officer ("**CRO**") and Treasurer.

The liquidity and funding strategy is approved by CARMC with ultimate responsibility residing with the Credit Suisse Group AG Board of Directors. The implementation and execution of the funding and liquidity strategy is managed by Treasury for adherence to the funding policy and the efficient coordination of the secured funding desks. The liquidity and funding profile is regularly reported to CARMC and the Board of Directors, who define CSi's risk tolerance and set parameters for the balance sheet usage of businesses.

The funding sourced by the CS group is part of an Asset-Liability Management ("**ALM**") strategy aimed at maintaining a funding structure with long term stable funding sources being in excess of illiquid assets. The CS group primarily funds the balance sheet through core customer deposits, long-term debt and shareholders' equity.

The funding profile is designed to enable the CS group to continue to pursue activities for an extended period of time without changing business plans during times of stress. To address short term liquidity needs in any stress, a liquidity buffer consisting of a portfolio of highly liquid securities and cash is maintained which can be utilised in the event of a crisis.

The principal measure used to monitor the structural liquidity position of the firm and as the basis for funds transfer pricing policy is the Net Stable Funding Ratio ("**NSFR**"). This is

complemented by the CS group's internal liquidity barometer, which measures survival days under stressed conditions and considers the adjusted market value of unencumbered assets (including cash) against the aggregate value of expected contractual, contingent and client behavioural liquidity outflows. This framework is supplemented by the modeling of additional stress events and additional liquidity risk measurement tools.

In the event of a liquidity crisis, the CS group would activate its Contingency Funding Plan ("**CFP**"), which focuses on the specific actions that would be taken as a response, including a detailed communication plan for creditors, investors and customers.

The contingency plan would be activated by the Funding Execution Committee ("**FEC**"), which includes senior business line, funding and finance department management adapted to include the relevant stakeholders depending upon the degree and nature of stress. This committee would meet frequently throughout the crisis to ensure that the plan is executed.

On regulatory developments, the BCBS issued the Basel III international framework for liquidity risk measurement, standards and monitoring. The framework includes a liquidity coverage ratio ("**LCR**") and a NSFR.

The LCR, which is being phased in beginning 1 January 2015 through 1 January 2019, following an observation period which began in 2011, addresses liquidity risk over a 30-day period. The LCR aims to ensure that banks have a stock of unencumbered high-quality liquid-assets available to meet liquidity needs for a 30-day time horizon under a severe stress scenario. The LCR is comprised of two components: the value of the stock of high quality liquid assets in stressed conditions and the total net cash outflows calculated according to specified scenario parameters. The ratio of liquid assets over net cash outflows was subject to an initial proposed minimum requirement of 60 per cent., which increases by 10 per cent. each year, reaching 100 per cent. by 1 January 2019.

The NSFR, which under BCBS is expected to be introduced on 1 January 2018 following an observation period which began in 2012, establishes criteria for a minimum amount of stable funding based on the liquidity of a bank's assets and activities over a one year horizon. The NSFR is intended to ensure banks maintain a structurally sound long-term funding profile beyond one year and is a complementary measure to the LCR. The standard is defined as the ratio of available stable funding over the amount of required stable funding and should always be at least 100 per cent.

It should be noted that local Regulators are free to interpret the BCBS proposals and have implemented various aspects differently including timescales for implementation of the LCR and NSFR.

Legal entity management of liquidity risk

The liquidity risk of CSi is managed as an integral part of the overall CS group global liquidity risk management framework. CSi aims to achieve a prudent approach in the management of liquidity to ensure it can meet its obligations as they fall due. The core liquidity adequacy analysis used for CSi is aligned to those used globally for the CS group barometer.

The legal entity internal liquidity risk management framework also includes local regulatory compliance requirements. Such compliance requirements are measured as part of the PRA's Individual Liquidity Guidance ("**ILG**") which results in CSi holding term funding and a local liquid asset buffer of qualifying securities.

Following global regulatory developments, the European Banking Authority ("**EBA**") has published its version of the LCR and NSFR as part of the implementation guidance for Basel III. Under CRDIV guidelines, the LCR was initially introduced with a minimum requirement of 80 per cent. on 1 October 2015 with an increase to 90 per cent. from 1 January 2017 and full compliance by 1 January 2018 (one year prior to BCBS guidelines). The NSFR was expected to be introduced on 1 January 2018 in-line with the BCBS proposal, however in November 2016 the European Commission confirmed that it will not apply at a level of 100 per cent. until two years after the date of entry in to force of the proposed Regulation. The date for this is not yet known however entry in to force is expected around mid-2018.

In the context of liquidity management at the legal entity, CSi's Board of Directors is responsible for setting the liquidity risk appetite. Some of the key characteristics determining CSi's liquidity risk management approach include, but are not limited to:

- Board approved legal entity risk appetite;

- Compliance with local regulatory requirements;
- Holding a liquid asset portfolio composed of highly liquid unencumbered assets;
- The liquidity value of assets, liabilities and the calibration of contingent liabilities being aligned with the CS global liquidity risk methodologies.

CSi has implemented a liquidity risk management framework including legal entity governance, systems and controls and frequent management information to measure, monitor and manage liquidity risk.

The legal entity risk appetite and assumptions underlying the relevant stress tests, which form part of CSi's liquidity risk management framework, are reviewed by Risk and Treasury and ultimately approved by CSi's Board of Directors on at least an annual basis or as market conditions dictate.

Treasury is responsible for maintaining a CFP that details specific dealing strategies, actions and responsibilities required depending upon severity of the crisis. Treasury supports the plan with key liquidity tools, including early warning indicators. The CFP gives consideration to the impact of operational constraints in terms of time and ability to monetise assets, trapped liquidity, day light collateral requirements and communicated strategies.

Incremental to CSi's unsecured funding sources from the CS group, CSi has the ability to access secured funding markets via repurchase agreements and a structured notes issuance programme. These funding streams provide diversification to the funding profile of the entity.

The following table sets out details of the remaining contractual maturity of all financial liabilities:

<i>Group</i> <i>31 December 2016</i>	<i>On</i> <i>Demand</i>	<i>Due</i> <i>within 3</i> <i>months</i>	<i>Due</i> <i>between 3</i> <i>and 12</i> <i>months</i>	<i>Due</i> <i>between 1</i> <i>and 5</i> <i>years</i>	<i>Due</i> <i>after 5</i> <i>years</i>	<i>Total</i>
Financial liabilities (USD million)						
Deposits	457	-	-	-	-	<u>457</u>
Securities sold under repurchase agreements and securities lending transactions	630	447	1,626	-	118	<u>2,821</u>
Trading financial liabilities at fair value through profit or loss	211,639	-	-	-	-	<u>211,639</u>
Financial liabilities designated at fair value through profit or loss	130	12,844	2,907	4,709	4,099	<u>24,689</u>
Short term borrowings	-	2,667	-	-	-	<u>2,667</u>
Long term debt	-	3,333	550	25,473	4,684	<u>34,040</u>
Other liabilities	31,426	-	-	-	-	<u>31,426</u>
Liabilities held for sale	155	922	-	946	1,730	<u>3,753</u>
<u>Total</u>	<u>244,437</u>	<u>20,213</u>	<u>5,083</u>	<u>31,128</u>	<u>10,631</u>	<u>311,492</u>

<i>Group</i> <i>31 December 2015</i>	<i>On</i> <i>Demand</i>	<i>Due</i> <i>within 3</i> <i>months</i>	<i>Due</i> <i>between 3</i> <i>and 12</i> <i>months</i>	<i>Due</i> <i>between 1</i> <i>and 5</i> <i>years</i>	<i>Due</i> <i>after 5</i> <i>years</i>	<i>Total</i>
Financial liabilities (USD million)						

<i>Group</i> <i>31 December 2015</i>	<i>On</i> <i>Demand</i>	<i>Due</i> <i>within 3</i> <i>months</i>	<i>Due</i> <i>between 3</i> <i>and 12</i> <i>months</i>	<i>Due</i> <i>between 1</i> <i>and 5</i> <i>years</i>	<i>Due</i> <i>after 5</i> <i>years</i>	<i>Total</i>
Deposits	529	1	34	-	-	<u>564</u>
Securities sold under repurchase agreements and securities lending transactions	895	465	4,050	-	327	<u>5,737</u>
Trading financial liabilities at fair value through profit or loss	270,767	-	-	-	-	<u>270,767</u>
Financial liabilities designated at fair value through profit or loss	16	10,256	2,190	7,828	2,219	<u>22,509</u>
Short term borrowings	-	21,066	-	-	-	<u>21,066</u>
Long term debt	-	5,307	248	17,994	4,587	<u>28,136</u>
Other liabilities	30,822	-	-	-	-	<u>30,822</u>
Total	<u>303,029</u>	<u>37,095</u>	<u>6,522</u>	<u>25,822</u>	<u>7,133</u>	<u>379,601</u>

<i>CSi</i> <i>31 December 2016</i>	<i>On</i> <i>Demand</i>	<i>Due</i> <i>within 3</i> <i>months</i>	<i>Due</i> <i>between 3</i> <i>and 12</i> <i>months</i>	<i>Due</i> <i>between 1</i> <i>and 5</i> <i>years</i>	<i>Due</i> <i>after 5</i> <i>years</i>	<i>Total</i>
Financial liabilities (USD million)						
Deposits	457	-	-	-	-	<u>457</u>
Securities sold under repurchase agreements and securities lending transactions	630	447	1,626	-	118	<u>2,821</u>
Trading financial liabilities at fair value through profit or loss	211,647	-	-	-	-	<u>211,647</u>
Financial liabilities designated at fair value through profit or loss	131	12,844	2,907	4,702	4,099	<u>24,683</u>
Short term borrowings	-	2,667	-	-	-	<u>2,667</u>
Long term debt	-	3,389	550	25,294	4,605	<u>33,838</u>
Other liabilities	31,426	-	-	-	-	<u>31,426</u>
Liabilities held for sale	155	922	-	946	1,730	<u>3,753</u>
Total	<u>244,446</u>	<u>20,269</u>	<u>5,083</u>	<u>30,942</u>	<u>10,552</u>	<u>311,292</u>

<i>CSi 31 December 2015</i>	<i>On Demand</i>	<i>Due within 3 months</i>	<i>Due between 3 and 12 months</i>	<i>Due between 1 and 5 years</i>	<i>Due after 5 years</i>	<i>Total</i>
Financial liabilities (USD million)						
Deposits	529	1	34	-	-	<u>564</u>
Securities sold under repurchase agreements and securities lending transactions	895	465	4,050	-	327	<u>5,737</u>
Trading financial liabilities at fair value through profit or loss	270,775	-	-	-	-	<u>270,775</u>
Financial liabilities designated at fair value through profit or loss	24	10,247	1,302	8,504	2,190	<u>22,267</u>
Short term borrowings	-	21,066	-	-	-	<u>21,066</u>
Long term debt	-	5,307	257	18,019	4,562	<u>28,145</u>
Other liabilities	30,822	-	-	-	-	<u>30,822</u>
Total	<u>303,045</u>	<u>37,086</u>	<u>5,643</u>	<u>26,523</u>	<u>7,079</u>	<u>379,376</u>

(iii) Currency Risk

CSi takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows.

CSi has approval to manage its own trading P&L related Foreign exchange risk through a formal trading mandate and has defined risk limits using the VaR methodology. Its currency exposure within the non-trading portfolios is managed through the CS group's leveling process as set out in the Corporate Foreign Exchange Policy. Both these methodologies are discussed in more detail in risk factor 2(b)(i)(Risks relating to CSi – Market Risk) above.

(iv) Credit Risk

Credit risk in CSi is managed by the CSi Credit Risk Management ("**CSi CRM**") department, which is headed by the CSi Chief Credit Officer ("**CSi CCO**"), who in turn reports to CSi Chief Risk Officer. CSi CRM is a part of the wider CRM department, which is an independent function with responsibility for approving credit limits, monitoring and managing individual exposures and assessing and managing the quality of the segment and business areas' credit portfolios and allowances. The head of CRM reports to the Chief Risk Officer of CS Group. All credit limits in CSi are subject to approval by CSi CRM.

Definition of credit risk

Credit risk is the possibility of a loss being incurred as the result of a borrower or counterparty failing to meet its financial obligations or as a result of deterioration in the credit quality of the borrower or counterparty. In the event of a customer default a bank generally incurs a loss equal to the amount owed by the debtor, less any recoveries from foreclosure, liquidation of collateral or the restructuring of the debtor company. A change in the credit quality of the counterparty has an impact on the valuation of assets eligible for fair value measurement, with valuation changes recorded in the Consolidated Statement of Income.

Credit risk management approach

Effective credit risk management is a structured process to assess, quantify, measure, monitor and manage risk on a consistent basis. This requires careful consideration of proposed extensions of credit, the setting of specific limits, monitoring during the life of the exposure, active use of credit mitigation tools and a disciplined approach to recognising credit impairment.

Credit limits are used to manage concentration to individual counterparties. A system of limits is also established to address concentration risk in the portfolio, including country limits, industry limits and limits for certain products. In addition, credit risk concentration is regularly supervised by credit and risk management committees, taking current market conditions and trend analysis into consideration. A credit quality review process provides an early identification of possible changes in the creditworthiness of clients and includes regular asset and collateral quality reviews, business and financial statement analysis and relevant economic and industry studies. Regularly updated watch lists and review meetings are used for the identification of counterparties where adverse changes in creditworthiness could occur. As of 1 January 2017 CSi must comply with the EBA's guidelines on the management of exposure to non-regulated entities carrying out credit intermediation activities (so-called "shadow banks"). CSi CRM has established a framework for managing exposures to shadow banks, the majority of which will be managed under the principal approach. A small number of counterparties will be managed under the regulatory fallback approach, and exposure to these entities is well below the regulatory limit (25 per cent. of net EAD over capital).

Counterparty and transaction rating

The CSi group employs a set of credit ratings for the purpose of internally rating counterparties to which it is exposed to credit risk as the contractual party. Credit ratings are intended to reflect the risk of default of each counterparty. Ratings are assigned based on internally-developed rating models and processes, which are subject to governance and internally-independent validation procedures.

The CSi group's internal ratings may differ from counterparties external ratings where present. Policy requires the review of internal ratings at least annually. For the calculation of internal risk estimates and Risk Weighted Assets ("**RWAs**"), a probability of default ("**PD**") is assigned to each facility, with the PD determined by the internal credit rating. Internal ratings are based on the analysis and evaluation of both quantitative and qualitative factors. The specific factors analysed are dependent on the type of counterparty.

The analysis emphasises a forward- looking approach, concentrating on economic trends and financial fundamentals. Analysts make use of peer analysis, industry comparisons, external ratings and research, other quantitative tools and the judgement of credit experts. The PD for each rating is calibrated based on historical default experience, using external data from Standard & Poor's, and back-tested to ensure consistency with internal experience.

The CSi group assigns an estimate of expected loss in the event of a counterparty default based on the structure of each transaction. The counterparty credit rating is used in combination with credit (or credit equivalent) exposure and the loss given default ("**LGD**") assumption to estimate the potential credit loss. LGD represents the expected loss on a transaction should default occur and takes into account structure, collateral, seniority of the claim and, in certain areas, the type of counterparty. CSi group uses credit risk estimates consistently for the purposes of approval, establishment and monitoring of credit limits and credit portfolio management, credit policy, management reporting and allocation and certain financial accounting purposes. This approach also allows us to price transactions involving credit risk more accurately, based on risk/return estimates. CSi has been granted permission by the PRA to use internal credit rating models under the CRD4 A-Internal Rating Based ("**IRB**") approach for the majority of credit exposures in CSi. Exposures which are not covered by AIRB treatment are subject to the standardised approach.

Credit Risk Overview

All transactions that are exposed to potential losses due to failure of meeting an obligation by counterparty are subject to credit risk exposure measurement and management.

Maximum Exposure to credit risk

The following table presents the maximum exposure to credit risk of balance sheet and off-balance sheet financial instruments, before taking account of the fair value of any collateral held or other credit enhancements unless such credit enhancements meet offsetting requirements as set out in IAS 32. For financial assets recognised on the balance sheet the maximum exposure to credit risk equals their carrying amount as at 31 December 2016. For financial guarantees granted and other credit-related contingencies the maximum exposure to credit risk is the maximum amount that CSi would have to pay if the guarantees and contingencies are called upon. For loan commitments and other credit-related commitments that are irrevocable over the life of the respective facilities the maximum exposure to credit risk is the full amount of the committed facilities.

Maximum exposure to credit risk:

2016 (USD million)	Group			CSi		
	Gross	Collateral	Net	Gross	Collateral	Net
Maximum exposure to credit risk						
Cash and due from banks	5,490	-	5,490	5,361	-	5,361
Interest bearing deposits with banks	9,647	-	9,647	9,647	-	9,647
Securities purchased under resale agreements and Securities borrowing transactions	9,467	9,467	-	9,467	9,467	-
Trading financial assets at fair value through profit or loss						
Debt securities	27,713	-	27,713	27,592	-	27,592
Derivative trading positions	207,437	197,277	10,160	207,437	197,277	10,160
Other	2,024	-	2,024	2,017	-	2,017
Financial assets designated at fair value through profit or loss						
Loans	3,361	1,203	2,158	3,654	1,203	2,451
Reverse repurchase agreements	14,911	7,063	7,848	14,911	7,063	7,848
Other	2,134	548	1,586	2,134	548	1,586
Other loans and receivables	3,316	2,532	784	3,316	2,532	784
Other assets	36,700	-	36,700	36,700	-	36,700
Maximum exposure to credit risk-total assets	322,200	218,090	104,110	322,236	218,090	104,146
Off-balance sheet items						
financial guarantees	1,020	4	1,016	1,020	4	1,016
loan commitments and other credit related commitments	9,620	4,938	4,682	9,620	4,938	4,682
Maximum exposure to credit risk – total off-balance sheet	10,640	4,942	5,698	10,640	4,942	5,698
Maximum exposure to credit risk	332,840	223,032	109,808	332,876	223,032	109,844

2015 (USD million)	Group			CSi		
	Gross	Collateral	Net	Gross	Collateral	Net
Maximum exposure to credit risk						
Cash and due from banks	13,163	-	13,163	13,082	-	13,082
Interest bearing deposits with banks	59	-	59	59	-	59
Securities purchased under resale agreements and Securities borrowing transactions	30,073	30,073	-	30,073	30,073	-
Trading financial assets at fair value through profit or loss						

Debt securities	22,529	-	22,529	22,457	-	22,457
Derivative trading positions	262,698	246,210	16,488	262,716	246,210	16,506
Other	2,952	-	2,952	2,936	-	2,936
Financial assets designated at fair value through profit or loss						
Loans	6,348	2,566	3,782	6,758 ¹	2,566	4,192 ¹
Reverse repurchase agreements	3,172	3,172	-	3,172	3,172	-
Other	2,558	517	2,041	2,558	517	2,041
Other loans and receivables	3,495	2,629	866	3,495	2,629	866
Other assets	45,636 ¹	-	45,636	45,636 ¹	-	45,636 ¹
<u>Maximum exposure to credit risk-total assets</u>	<u>392,683¹</u>	<u>285,167</u>	<u>107,516</u>	<u>392,942¹</u>	<u>285,167</u>	<u>107,775¹</u>
Off-balance sheet items						
financial guarantees	1,078	1	1,077	1,078	1	1,077
loan commitments and other credit related commitments	12,494	4,954	7,540	12,494	4,954	7,540
<u>Maximum exposure to credit risk – total off-balance sheet</u>	<u>13,572</u>	<u>4,955</u>	<u>8,617</u>	<u>13,572</u>	<u>4,955</u>	<u>8,617</u>
<u>Maximum exposure to credit risk</u>	<u>406,255¹</u>	<u>290,122</u>	<u>116,133¹</u>	<u>406,514¹</u>	<u>290,122</u>	<u>116,392¹</u>

¹ 2015 numbers have been restated to conform to the current year's presentation

The CSi group is exposed to credit risk as a result of a counterparty, borrower or issuer being unable or unwilling to honour its contractual obligations. These exposures to credit risk exist within financing relationships, derivatives and other transactions.

The CSi group typically enters into master netting arrangements ("**MNAs**") with over the counter ("**OTC**") derivative counterparties. The MNAs allow the CSi group to offset derivative liabilities against the derivative assets with the same counterparty in the event the counterparty defaults. Collateral on these derivative contracts is usually posted on a net counterparty basis and comprises either cash or marketable securities or a combination thereof. Included in the table above as collateral and other credit enhancements are the derivative liability amounts which would be offset against the derivative asset position upon default of the counterparty as well as any cash or marketable securities collateral held. Amounts disclosed as collateral and credit enhancements are where a counterparty has an offsetting derivative exposure with the CSi group, a legally enforceable MNA exists, and the credit risk exposure is managed on a net basis or the position is specifically collateralised, typically in the form of cash.

Also included in the table within both loans and receivables and financial assets designated at fair value through profit and loss is collateral which the CSi group holds against loans in the form of guarantees, cash and marketable securities. The CSi group also mitigates its credit exposures on certain loans primarily with credit default swaps, which economically hedge the position and as such the notional on the relevant credit default swap has been included. For further information on the collateral and credit enhancements held against loans designated at fair value, refer to "*Note 17 – Financial Assets and Liabilities Designated at Fair Value through Profit and Loss*" in "*Notes to the Financial Statements for the year ended 31 December 2016*" of the 2016 CSi Annual Report (as defined in the CSi Registration Document).

Reverse repurchase agreements and securities borrowings are typically fully-collateralised instruments and in the event of default, the agreement provides the CSi group the right to liquidate the collateral held. Reverse repos are included either within securities or financial assets designated at fair value through profit and loss, based on the accounting methodology. These instruments are collateralised principally by government securities, money market instruments, corporate bonds and cash. The CSi group monitors the fair value

of securities borrowed and loaned on a daily basis with additional collateral obtained as necessary. The fair value of the collateral has been included in the table above. For further information on the collateral and credit enhancements held against reverse repurchase agreements and securities borrowing refer to "Note 15 – Securities Borrowed, Lent and Purchased/Sold under Resale/Repurchase Agreements" of the 2016 CSi Annual Report (as defined in the CSi Registration Document).

In July 2016, the PRA granted CSi permission to use Financial Collateral Comprehensive Method ("FCCM") Own-Estimates ("OE") Haircuts for capital computations under the Capital Requirements Directive ("CRDIV") regime for derivatives, Securities Financing Transactions ("SFTs"), Equity Prime Brokerage ("EPB") and CCP business lines. The FCCM waiver allows CSi to use its own internal models to calculate haircuts which are then used within the Current Exposure Method ("CEM") method for capital computations. These own-estimate haircuts are much more sophisticated than the broad-based supervisory haircuts, and hence more appropriately capture the risk of CSi's portfolios.

Included within Other (Financial assets designated at fair value through profit or loss) are failed purchases that arise when a transaction to purchase an asset has not met the conditions for sale accounting. The CSi group typically holds collateral in the form of insurance or securities against the failed purchases.

Collateral held against financial guarantees and loan commitments typically includes securities and letters of credit. For further information about the collateral and credit enhancements held against financial guarantees and loan commitments refer to "Note 36 – Guarantees and Commitments" in "Notes to the Financial Statements for the year ended 31 December 2016" of the 2016 CSi Annual Report (as defined in the CSi Registration Document).

For further information on collateral held as security that the CSi group is permitted to sell or repledge refer to "Note 39 – Assets Pledged or Assigned" of the 2016 CSi Annual Report (as defined in the CSi Registration Document).

If collateral or the credit enhancement value for a particular instrument is in excess of the maximum exposure then the value of collateral and other credit enhancements included in the table has been limited to the maximum exposure to credit risk.

Risk Mitigation

CSi actively manages its credit exposure utilising credit hedges and monetisable collateral (cash and marketable securities).

Credit hedges represent the notional exposure that has been transferred to other market counterparties generally through the use of credit default swaps. CSi also actively enters into collateral arrangements for OTC derivatives and other traded products which allow it to limit the counterparty exposure risk associated with these products. Collateral taken generally represents cash or government securities although other securities may be accepted. The value of collateral reflected as a risk mitigant is net of an appropriate haircut. Collateral securing loan transactions includes:

- Financial collateral pledged against loans collateralised by securities (mostly cash and marketable securities); and
- Physical collateral (real estate property for mortgages, mainly retail residential, but also multi-family buildings, offices and commercial properties); and
- Other types of lending collateral such as accounts receivable, inventory and plant and equipment.

Counterparty exposure before collateral by rating

	2016		2015	
	USD million	%	USD million	%
AAA	938	2	2,495	4
AA+ to AA-	12,375	23	14,357	21

A+ to A-	20,301	36	25,130	37
BBB+ to BBB-	13,790	25	15,883	23
BB+ to BB-	3,722	7	5,932	9
B+ and below	3,802	7	4,158	6
	54,928	100	67,955	100

Unsecured exposure by rating (including provisions)

	2016		2015	
	<i>USD million</i>	%	<i>USD million</i>	%
AAA	476	2	718	2
AA+ to AA-	5,407	23	8,169	27
A+ to A-	11,056	47	12,779	43
BBB+ to BBB-	3,777	16	5,133	17
BB+ to BB-	752	3	780	3
B+ and below	2,170	9	2,362	8
	23,638	100	29,941	100

The above tables include all loans, commitments, derivatives, securities purchased and sold under repurchase and resale agreements, and short term cash trades on a net counterparty exposure basis for CSi as most of the trading portfolio mainly resides in CSi.

The first table represents mark to market exposures before offsetting any eligible collateral held; the second table represents mark to market exposures after offsetting collateral.

Wrong-way risk

Wrong-way exposures

In a wrong-way trading situation, CSi's exposure to the counterparty increases while the counterparty's financial health and its ability to pay on the transaction diminishes. Capturing wrong-way risk requires the establishment of basic assumptions regarding correlations within a given trading product. CSi has multiple processes that allow us to capture and estimate wrong-way risk.

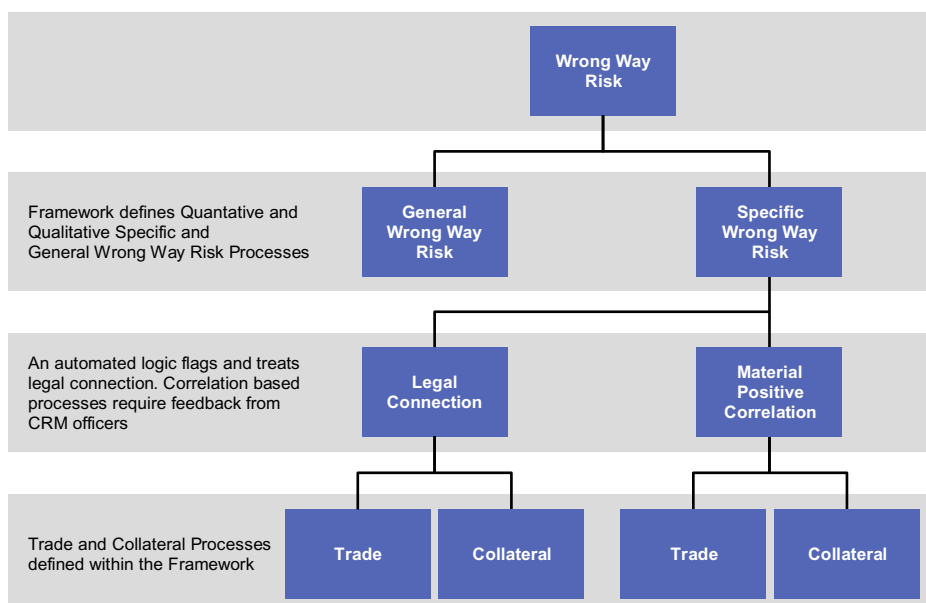
Credit approval and reviews

A primary responsibility of Credit Risk Management ("**CRM**") is the approval of new counterparty trading relationships and the subsequent on-going review of the creditworthiness of the client. Part of the review and approval process involves the consideration of the motivation of the client and the directional nature of the trading in which the client is engaged. Credit limits are sized to the level of comfort the CRM officer has with the strategy of the counterparty, the level of disclosure of financial information and the amount of risk mitigation that is present in the trading relationship (e.g. level of collateral).

Exposure adjusted risk calculation

Wrong way risk can arise from different business relationships.

An exposure methodology based on jump to default assumptions, ineligibility of collateral or scenario-based add-ons is in place to identify and adjust exposures for all wrong-way risk types as per the distinction in the table below.



With respect to general wrong-way risk, a scenario-based exposure add-on is applied to those counterparties identified following the quantitative and qualitative review from Credit Officers where the Basel III exposure is not deemed sufficient to capture the additional risk fully.

Wrong-way risk monitoring

Regular reporting of wrong-way risk at both the individual trade and portfolio level allows wrong-way risk to be monitored and corrective action taken by CRM in the case of heightened concern. Transactions containing wrong-way risk due to legal connection are automatically flagged and included in regular reporting. General Wrong way risk ("**WWR**") and transactions containing specific wrong-way risk due to correlation are flagged to CRM officers for confirmation and then included into regular reporting. The outcome of the WWR identification process is subject to monthly review from the UK CRM management team via a regular forum.

Settlement Risk

Settlement risk arises whenever the settlement of a transaction results in timing differences between the disbursement of cash or securities and the receipt of counter-value from the counterparty. This risk arises whenever transactions settle on a 'free of payment' basis and is especially relevant when operating across time zones.

In those instances where market convention and/or products preclude a value-for-value exchange, the CSi group manages its risk through confirmation and affirmation of transaction details with counterparties. In order to reduce gross settlement risk, the CSi group leverages Clearing Houses, Central Counterparties and Central Settlement services and will also net gross cash flows with a given counterparty where possible. CSi group proactively seeks to manage the timing of settlement instructions to agents and the reconciliation of incoming payments in order to reduce the window of exposure. In addition, CRM establishes and monitors limits to control the amount of settlement risk incurred to each counterparty.

(v) **Country Risk**

Country risk is the risk of a substantial, systemic loss of value in the financial assets of a country or group of countries, which may be caused by dislocations in the credit, equity and/or currency markets. CSi CRM has incorporated country limits into its Credit Risk Appetite Framework in order to mitigate this risk in CSi.

For CSi, country limits are set for both developed and emerging markets, based on a potential future exposure view and on a scenario view respectively. Upon CSi CRM recommendation, maximum appetite and operational limits are calibrated and approved by the CSi RMC on an annual basis or, if warranted by a fundamental change in strategy or market conditions, more frequently.

The measurement of exposures against country limits is reported weekly to CSi CRM dedicated teams and senior management. Front Office representatives are responsible for ensuring limits are respected and any breach is promptly managed. CRM provide independent oversight to ensure that businesses operate within their limits. During the course of the year, reserves are available to CSi CCO and the CSi CRO in case a temporary or permanent limit increase is needed and justified from a risk/return perspective. More fundamental changes to the country risk profile of the firm necessitate discussions and approval at the CSi RMC.

(vi) **Legal and Regulatory Risk**

The CS group faces significant legal risks in its businesses. Legal risks include, among other things, disputes over the terms of trades and other transactions in which the CS group acts as principal; the unenforceability or inadequacy of the documentation used to give effect to transactions in which the CS group participates; investment suitability concerns; compliance with the laws and regulations (including change in laws or regulations) of the many countries in which the CS group does business; and disputes with its employees. Some of these transactions or disputes result in potential or actual litigation that the CS group must incur legal expenses to defend.

The CS group seeks to minimise legal risk through the adoption of compliance and other policies and procedures, continuing to refine controls over business practices and behavior, employee training sessions, the use of appropriate legal documentation, and the involvement of the General Counsel and Compliance department, and outside legal counsel and other external specialists. In addition, the CS group is an active participant in a number of key industry and other professional market forums including International Swaps and Derivatives Association ("**ISDA**"), Association for Financial Markets in Europe ("**AFME**") and British Bankers' Association ("**BBA**") which inter alia focus on improving levels of market and product standardisation, legal definition and protocol.

As a participant in the financial services industry, the CS group is subject to extensive regulation by governmental agencies, supervisory authorities and self-regulatory organisations around the world. Such regulation is increasingly more extensive and complex and, in recent years, costs related to our compliance with these requirements and the penalties and fines sought and imposed on the financial services industry by regulatory authorities have all increased significantly and may increase further. These regulations often serve to limit activities, including through the application of increased capital, leverage and liquidity requirements, customer protection and market conduct regulations and direct or indirect restrictions on the businesses in which the CSi group may operate. Such limitations can have a negative effect on the CSi group's business and ability to implement strategic initiatives. To the extent that disinvestment is required from certain businesses, losses could be incurred, as the CSi group may be forced to sell such businesses at a discount, which in certain instances could be substantial, as a result of both the constrained timing of such sales and the possibility that other financial institutions are liquidating similar investments at the same time.

The financial services industry continues to be affected by the significant complexity of on-going regulatory reforms, alongside more recently, the potential impact of Brexit. Changes in laws, rules or regulations, or in their interpretation or enforcement, or the implementation of new laws, rules or regulations, may adversely affect the results of operations.

(vii) **Operational Risk**

Definition

Operational risk is the risk of financial loss arising from inadequate or failed internal processes, people or systems, or from external events.

Sources of operational risk

Operational risk is inherent in most aspects of our business, including the systems and processes that support our activities. It comprises a large number of disparate risks that can manifest in a variety of ways. Particularly relevant examples of operational risk include the risk of fraudulent transactions, trade processing errors, business disruptions, failures in regulatory compliance, defective transactions, and unauthorised trading events. Operational risk can arise from human error, inappropriate conduct, failures in systems, processes and controls, or natural and man-made disasters.

Evaluation and management of operational risk

Operational risk framework

The diverse nature and wide extent of operational risk makes it inherently difficult to measure. CSi believes that effective management of operational risk requires a common operational risk framework that focuses on the early identification, recording, assessment, monitoring, prevention and mitigation of operational risks, as well as timely and meaningful management reporting. CSi started to introduce our current operational risk framework in 2013, which improved the integration of previously separate operational risk processes, providing a more coherent approach to managing all aspects of the operational risk landscape. Over the past three years, CSi has redesigned the framework, introducing new components and upgrading existing components with a particular focus on ensuring that the components work well together.

The operational risk framework provides a structured approach to managing operational risk. It seeks to apply consistent standards and techniques for evaluating risks while providing individual businesses with sufficient flexibility to tailor specific components to reflect the risks that they run. The main components of the operational risk framework are described below:

- **Governance and policies:** The operational risk framework relies on an effective governance process that establishes clear roles and responsibilities for managing operational risk and defines appropriate escalation processes for outcomes that are outside expected levels. CSi utilises a comprehensive set of policies and procedures that set out how employees are expected to conduct their activities.
- **Operational risk appetite:** This determines our approach to risk-taking and articulates the motivations for taking, accepting or avoiding certain types of risks or exposures. Senior CSi management expresses their risk appetite in terms of quantitative tolerance levels that apply to operational risk incidents and qualitative statements covering outcomes that should be avoided. They define their risk appetite with the CSi Board and relevant risk management committees in agreement with the operational risk management function.
- **Operational risk register:** The register comprises a catalog of inherent operational risks arising as a consequence of our business activities. It provides a consistent approach for classifying operational risks which ensures that they are treated consistently by other operational risk framework components using the appropriate processes and tools.
- **Internal control assessment:** CSi utilises a comprehensive set of internal controls that are designed to ensure that CSi's activities follow agreed policies and that processes operate as intended. Certain key controls are subject to independent testing to evaluate their effectiveness. The results of these tests are considered by other operational risk framework components, such as in the risk and control self-assessment ("**RCSA**") process.
- **Risk and control indicators:** These are metrics that are used to monitor particular operational risks and controls over time. They are associated with thresholds that define acceptable performance and provide early warning signals about potential issues.
- **Incident data:** CSi systematically collects, analyses and reports data on operational risk incidents to ensure that CSi understands the reasons why they occurred and how controls can be improved to reduce the risk of future incidents. CSi focus' on both incidents that result in economic losses and events that provide information on potential control gaps, even if no losses occurred. CSi also collects and utilises available data on incidents at relevant peer firms to identify potential risks that may be relevant in the future, even if they have not impacted the CSi group.
- **Risk and control self-assessments:** RCSA's are comprehensive, bottom-up assessments of the key operational risks in each business and control function. They comprise a self-assessment that covers the inherent risks of each business and control function, an evaluation of the effectiveness of the controls in place to mitigate these risks and a decision to either accept or remediate any residual risks. The self-assessments are subject to quality assurance by the operational risk management function to ensure that they have been conducted appropriately. RCSA's utilise other components of the operational risk framework, such as risk and control indicators and incident data, and they generate outputs that are used to manage and monitor risks.

- Top operational risks and remediation plans: A set of top operational risks are used to highlight the most significant risks to senior management, along with associated risk remediation efforts. Top operational risks are generated using both a top-down assessment by senior management and a bottom-up process that collates the main themes arising from the RCSA process.
- Reporting: CSi produces a wide range of regular management information reports covering the key inputs and outputs of the operational risk framework. These reports are used by senior management to monitor outcomes against agreed targets and tolerance levels.
- Responses framework: This provides a structured approach to responding to operational risk incidents and reaches of operational risk appetite. The incident management component includes a defined process for identifying, categorising, investigating, escalating and remediating incidents. CSi conducts detailed investigations on significant operational risk incidents. These investigations seek to assess the causes of control failings, establish appropriate remediation actions and ascertain whether events have implications for other businesses. They can result in recommendations to impose restrictions on businesses while risk management processes and controls are improved. The breach component provides a methodology for evaluating breaches of quantitative and qualitative operational risk appetite statements. Its goal is to provide senior management with the information needed to make decisions on how best to remediate issues that fall outside agreed risk appetite levels.
- Scenarios and capital modelling: Scenarios are used to identify and measure exposure to a range of adverse events, such as unauthorised trading. These scenarios help businesses assess the suitability of controls in the light of potential losses. Regulatory capital is determined using the Business Indicator Approach and supplemented by scenario analysis. The capital requirements are allocated to individual businesses for performance measurement purposes and to incentivise appropriate management actions.
- Conduct and behaviour: Recognising that effective operational risk management relies on employees conducting themselves appropriately, several operational risk framework components include assessments of behaviour. For example, investigations of incidents typically consider whether employees escalated issues at an appropriately early stage. Risks that have implications for conduct risk can be identified and assessed via the operational risk register and the RCSA process.

In addition to managing and mitigating operational risks under the operational risk framework through business- and risk-related processes and organisation, CSi also transfers the risk of potential loss from certain operational risks to third-party insurance companies, where appropriate.

Developments in 2016

CSi is continuously enhancing the operational risk management practices through an ongoing program to roll out improvements to each of the components of the operational risk framework and to ensure that the links between individual components work effectively. Potential enhancements are typically tested in one area to check that they deliver the intended benefits before being rolled out more broadly.

Maintaining the effectiveness of the CSi control environment is critical to ensuring that operational risks remain within acceptable levels. In 2016, we made improvements to our approaches to cataloging, documenting and evaluating key controls, which will provide more robust and supportable control assessments for use in the RCSA process. This work now forms a significant part of the Enterprise Risk and Control Framework that was launched in 2016 which focuses on introducing a systematic control activities framework that applies consistent standards and approaches to relevant business activities. This is a multi-year initiative that starts with the most significant controls and rolls out new processes using a phased approach.

CSi has continued to make progress in embedding assessments of employee behaviour in the risk assessment framework. In 2016, the business conduct behaviours continued to be reference in a number of HR processes, including recruitment, induction, performance assessment, promotion, and compensation. CSi also introduced enhanced risk indicator reporting covering behaviour and conduct-related matters.

Operational risk governance

Each individual business area takes responsibility for its operational risks and the provision of adequate resources and procedures for the management of those risks. Businesses are supported by designated operational risk teams who are responsible for the implementation of the operational risk management framework, methodologies, tools and reporting within their areas as well as working with management on any operational risk issues that arise. Businesses and relevant control functions meet regularly to discuss operational risk issues and identify required actions to mitigate risks.

The operational risk management function is responsible for the overall design of the operational risk management framework, for operational risk capital modeling and for providing assistance and challenge to business line operational risk teams. It ensures the cohesiveness of policies, tools and practices for operational risk management, specifically with regard to the identification, evaluation, mitigation, monitoring and reporting of relevant CSi operational risks.

Operational risk exposures, metrics, issues and remediation efforts are discussed at the CSi Board and Board Risk with standing updates to the CSi Risk Management committee and CSi Operational Risk Management committee which have senior staff representatives from all the relevant functions.

(viii) Conduct Risk

Conduct risk is the risk that poor conduct by the CS group, employees or representatives could result in clients not receiving a fair transaction, damage to the integrity of the financial markets or the wider financial system, or ineffective competition in the markets in which we operate that disadvantages clients.

Conduct risk may arise from a variety of sources, including unauthorised trading, the potential unsuitability of products sold or advice provided to clients, inadequate disclosure, trade processing errors, inaccurate benchmark submissions, failure to safeguard client data or assets, and breaches of regulatory rules or laws by individual employees or market conduct.

Conduct risk is being further embedded into the RCSA process within the operational risk framework, which considers the risks generated by each business and the strength of the associated mitigating controls. Conduct risk is also assessed by reviewing past incidents and those from other firms in the financial services sector.

Conduct risk is primarily addressed through specific supervisory controls implemented across CSi and targeted training activities. CSi seeks to promote good behaviour and conduct through the Code of Conduct, which provides a clear statement of the ethical values and professional standards as a basis for maintaining and strengthening our reputation for integrity, fair dealing and measured risk-taking, and the set of business conduct behaviours.

The Code of Conduct and the set of business conduct behaviours are linked to the employee performance assessment and compensation processes.

(ix) Reputational Risk

The Credit Suisse Code of Conduct states that "Our most valuable asset is our reputation". CS group reputation is driven by the perception of clients, shareholders, the media and the public. The CS Global Policy on Reputational Risk (the "**Policy**") states that each employee is responsible for assessing the potential reputational impact of all businesses in which they engage, and for determining whether any actions or transactions should be formally submitted through the Reputational Risk Review Process ("**RRRP**") for review.

Reputational risk may arise from a variety of sources, including, but not limited to, the nature or purpose of a proposed transaction, the identity or nature of a potential client, the regulatory or political climate in which the business will be transacted or significant public attention surrounding the transaction itself.

The CSi Board has formally delegated reputational risk issues to CS group's global RRRP which includes an overview of the transaction or action being considered, the risks identified and any mitigating factors and views from internal subject matter experts. All formal submissions in the RRRP require review by senior business management in the relevant division, and are then subsequently referred to one of CS group's Reputational Risk Approvers ("**RRA**"), each of whom is independent of the business divisions and has the authority to approve, reject, or impose conditions on CS group's participation. If the RRA

considers there to be a material reputational risk associated with a submission, it is escalated to the EMEA Reputational Risk Committee (the "**Committee**") for further discussion, review and final decision. The Committee is comprised of senior regional, divisional, shared services and CSi entity management.

Reputational risk is assessed on an entity based approach whereby the region of the RRRP submission is driven by the location of the booking entity. Where a submission relates to a Remote Booking, a submission will be made through to EMEA RRRP and the RRAs in other regions will be consulted as appropriate, which may include escalation to the Committee.

(c) **Risks relating to regulatory action in the event that CSi is failing or the UK resolution authority considers that it is likely to fail**

If CSi were to become subject to a "resolution regime" you could lose some or all of your investment in the Notes

The EU Bank Recovery and Resolution Directive ("**BRRD**") entered into force on 2 July 2014. Its stated aim is to provide national "resolution authorities" (such as the Bank of England in the UK) with a set of powers and tools to deal with financial institutions that are failing or likely to fail and thereby address banking crises pre-emptively in order to safeguard financial stability and minimise taxpayers' exposure to losses incurred by EU financial institutions.

In the United Kingdom, the majority of the requirements of the BRRD have been implemented into national law through the UK Banking Act (and relevant statutory instruments). The UK implementation of the BRRD included the introduction of the so-called "bail-in" tool (as described below) as of 1 January 2015 and the requirement for relevant financial institutions to meet, at all times, a minimum requirement for own funds and eligible liabilities as of 1 January 2016.

The UK Banking Act provides for a "resolution regime" granting substantial powers to the Bank of England (or, in certain circumstances, HM Treasury), in consultation with the Prudential Regulatory Authority, the Financial Conduct Authority and HM Treasury, as appropriate, to implement resolution measures with respect to a UK financial institution (such as CSi) where the UK resolution authority considers that the relevant institution is failing or is likely to fail and action is necessary in the public interest. The resolution powers available to the UK resolution authority include powers to:

- direct the sale of the relevant institution or the whole or part of its business on commercial terms without requiring the consent of the shareholders or complying with the procedural requirements that would otherwise apply (the "sale of business tool");
- transfer all or part of the business of the relevant institution to a "bridge bank" (which will be a publicly controlled entity) (the "bridge bank tool");
- transfer the impaired or problem assets of the relevant institution to an asset management vehicle to allow them to be managed over time (the "asset separation tool");
- take the relevant institution into temporary public ownership (i.e. nationalisation); and
- exercise the "bail-in" tool (as discussed below), which could result in a write down of the amount owing or conversion of the relevant liability (which could include a Note) to equity.

The "bail-in" tool (as discussed below) may be used together with any of the sale of business tool, the bridge bank tool or the asset separation tool (or such tools may be used in any combination).

In addition, the UK Banking Act grants powers to the UK resolution authority to:

- modify contractual arrangements (such as the terms and conditions of the Notes in certain circumstances);
- suspend enforcement or termination rights that might be invoked as a result of the exercise of the resolution powers (e.g., suspending acceleration and enforcement rights under the Notes); and
- disapply or modify laws in the UK (with possible retrospective effect) to enable the recovery and resolution powers under the UK Banking Act to be used

effectively.

Prospective purchasers of Notes issued by CSi should be aware that the exercise of any such resolution power or even the suggestion of any such potential exercise could materially adversely affect the value of any such Notes, and could lead to holders of such Notes losing some or all of their investment. The resolution regime is designed to be triggered prior to insolvency of the relevant institution, and holders of securities issued by such institution may not be able to anticipate the exercise of any resolution power (including exercise of the "bail-in" tool described below) by the UK resolution authority. Holders of securities issued by an institution which has been taken into a resolution regime will have very limited rights to challenge the exercise of powers by the UK resolution authority, even where such powers have resulted in the write down or conversion of such securities to equity. Further, notwithstanding that CSi is an unlimited company and, as a result, upon its liquidation its creditors have a right of recourse against CSi's shareholders, holders of securities issued by CSi may not be able to benefit from such recourse if CSi becomes subject to the exercise of any resolution or stabilisation power or such power is exercised in a manner which prevents its liquidation (or otherwise changes the nature of the insolvency procedure to which CSi may ultimately become subject).

The exercise by the UK resolution authority of the "bail-in" tool in relation to the Notes would result in the write down and/or conversion to equity of such Notes

In addition to the other powers described above, the UK resolution authority may exercise the "bail-in" tool in relation to a failing UK financial institution. The "bail-in" tool includes the powers to:

- write down to zero (i.e., cancel) a liability or modify its terms for the purposes of reducing or deferring the liabilities of the relevant institution; and/or
- convert a liability from one form or class to another (e.g., from debt to equity).

The exercise of such powers could result in (i) the cancellation of all, or a portion, of the principal amount of, interest on, or any other amounts payable on, any Security issued by CSi, and/or (ii) the conversion of all or a portion of the principal amount of, interest on, or any other amounts payable on, such Notes into shares or other securities or other obligations of CSi or another person, and/or (iii) the amendment of the maturity of such Notes or the amount of interest or any other amount payable on such Notes or the date of which such interest or other amount becomes payable (including by suspending payment for a temporary period), including by means of a variation to the terms of such Notes, in each case, to give effect to the exercise by the UK resolution authority of such power.

The purpose of the "bail-in" tool is to enable the resolution authority to recapitalise an institution by allocating losses to its shareholders and unsecured creditors (which could include the holders of Notes) in a manner that (i) respects the hierarchy of claims in an ordinary insolvency and (ii) is consistent with shareholders and creditors not receiving a less favourable treatment than they would have received in ordinary insolvency proceedings of the relevant institution (known as the "no creditor worse off" safeguard).

Insured deposits and secured liabilities and certain other liabilities are excluded from the scope of the "bail-in" tool. Further, as part of the reforms required by the BRRD, other deposits will be preferred in the insolvency hierarchy ahead of all other unsecured senior creditors of a UK institution.

The exercise of any resolution power, including the "bail-in" tool, in respect of CSi and any Notes issued by it or any suggestion of any such exercise could materially adversely affect the rights of the holders of such Notes, the value of their investment in such Notes and/or the ability of CSi to satisfy its obligations under such Notes, and could lead to the holders of such Notes losing some or all of their investment in such Notes. In addition, even in circumstances where a claim for compensation is established under the 'no creditor worse off' safeguard in accordance with a valuation performed after the resolution action has been taken, it is unlikely that such compensation would be equivalent to the full losses incurred by the holders of such Notes in the resolution, and there can be no assurance that holders of such Notes would recover such compensation promptly.

Holders of Notes may not be able to anticipate the exercise of the "bail-in" tool or any such resolution power

The stabilisation powers are intended to be exercised pre-emptively – i.e., prior to the point at which insolvency proceedings with respect to the relevant institution would be initiated – in

order to resolve the institution and protect the public interest. Accordingly, the stabilisation options may be exercised if the UK resolution authority:

- (i) is satisfied that a relevant institution is failing, or is likely to fail;
- (ii) determines that it is not reasonably likely that (ignoring the stabilisation powers) action will be taken by or in respect of the relevant institution that will result in condition (i) above ceasing to be met within a reasonable timeframe;
- (iii) considers that the exercise of the stabilisation powers to be necessary, having regard to certain public interest considerations (such as, for example, the stability of the UK financial system, public confidence in the UK banking system and the protection of depositors); and
- (iv) considers that the special resolution objectives would not be met to the same extent by the winding-up of the relevant institution.

The use of different stabilisation powers is subject to further "specific conditions" that vary according to the relevant stabilisation power being used. Additional conditions will apply where the UK resolution authority seeks to exercise its powers in relation to UK banking group companies.

It is uncertain how the UK resolution authority would assess such conditions in different pre-insolvency scenarios affecting the relevant institution. The UK resolution authority is also not required to provide any advanced notice to Noteholders of its decision to exercise any resolution power. Therefore, holders of the Notes issued by CSi may not be able to anticipate a potential exercise of any such powers nor the potential effect of any such exercise on CSi and on any such Notes.

Holders of securities of an institution subject to the exercise of the "bail-in" tool or other resolution power may have only very limited rights to challenge the exercise of such power

Holders of securities of an institution subject to the exercise of the "bail-in" tool or other resolution power may have only very limited rights to challenge any decision of the UK resolution authority to exercise such power or to have that decision judicially reviewed. Further, the UK resolution authority would be expected to exercise such powers without the consent of the holders of the affected securities.

Prospective investors should assume that the UK government would not provide extraordinary public financial support, or if it did, only as a last resort after the bail-in tool or other resolution tools have been utilized

Provided that certain conditions are satisfied, the UK government may provide extraordinary public financial support in relation to a failing UK financial institution by providing capital to such financial institution in exchange for Common Equity Tier 1 instruments, Additional Tier 1 instruments or Additional Tier 2 instruments, or by taking such financial institution into temporary public ownership (i.e., nationalisation). However, prospective purchasers of Notes issued by CSi should assume that any such additional financial stabilisation tool(s) would only be used (if at all) as a last resort after having assessed and exploited the other resolution tools (e.g., the bail-in tool, as described above) to the maximum extent practicable.

(d) **The UK's decision to leave the EU**

On 23 June 2016, voters in the UK voted to leave the EU in a non-binding referendum (see the section headed "Principal Risks and Uncertainties – Political Outlook" on page 13 of the 2017 CSi Annual Report (as defined in the CSi Registration Document)). The exit process may include the renegotiation, either during a transitional period or more permanently, of a number of regulatory and other arrangements between the EU and the UK that directly impact CSi's businesses. CSi is working to address the implications of the consequences of these changes and to ensure operational continuity for its clients. Adverse changes to any of these arrangements, and even uncertainty over potential changes during any period of negotiation, could potentially impact CSi's results in the UK or other markets.

3. Risks relating to the Notes generally

(a) **Potential loss of some or all of the investment**

Purchasers of Notes which are "capital at risk" investments may lose some or all of their money

depending on the performance of the relevant Underlying Asset(s) and the terms of such Notes. The Notes will be "capital at risk" investments unless the Final Redemption Amount payable at maturity or a scheduled early redemption of the relevant Notes is at least equal to the purchase price paid by investors for such Notes.

Even where the Final Redemption Amount is at least equal to the purchase price paid by investors for such Notes, the Notes are still "capital at risk" investments (i) the terms of the Notes provide for a mandatory automatic early redemption event to be applicable, such mandatory automatic early redemption event occurs and the amount payable is less than the purchase price or (ii) if the terms of the Notes provide that the Issuer's call option is applicable, such call option is exercised and the Optional Redemption Amount is less than such purchase price.

Where Notes are "capital at risk" investments, investors are exposed to a return that is linked to the performance of the relevant Underlying Asset(s) (as specified in the relevant Pricing Supplement), and may lose the value of some or all of their investment.

In any event, if the amount payable (or entitlement deliverable) on redemption, exercise or expiry of the Notes is less than the purchase price paid by investors for such Notes, investors may lose some or all of their investment.

Even if the particular Notes are not "capital at risk" and do provide for scheduled repayment in full of the issue price or the purchase price of the Notes, investors are still exposed to the credit risk of the Issuer and will lose up to the entire value of their investment if the Issuer either fails or is otherwise unable to meet its payment obligations. The Notes are not deposits, and are not covered by any deposit insurance or protection scheme.

Further, as explained at the start of this section, even if the Notes are not "capital at risk" and do provide for scheduled repayment in full of the issue price or the purchase price of the Notes, an investor could still lose some or all of his or her investment if:

- the investor sells the Notes prior to maturity in the secondary market but for an amount that is less than the issue price or the purchase price of the Notes;
- the Notes are redeemed early under their terms and conditions at the discretion of the Issuer and the Early Redemption Amount is less than the initial issue price or purchase price (see risk factor (h) *(In certain circumstances, the Issuer may redeem the Notes (other than due to a mandatory automatic early redemption event or exercise of a Call Option) prior to their scheduled maturity. The Early Redemption Amount payable on such early redemption may be less than the issue price or the purchase price and investors may therefore lose some or all of their investment and may not be able to reinvest the proceeds in another investment offering a comparable return) below*); or
- the Notes are subject to certain adjustments made by the Issuer in accordance with the terms and conditions of the Notes that may result in any amount payable (or deliverable) under the Notes (whether at maturity or otherwise) being reduced to, or being valued at, an amount that is less than the original investment.

(b) **Limited liquidity**

A secondary market for the Notes may not develop and if one does develop, it may not provide the holders of the Notes with liquidity or may not continue for the life of the Notes. A decrease in the liquidity of the Notes may cause, in turn, an increase in the volatility associated with the price of such Notes. Illiquidity may have a severe adverse effect on the market value of the Notes.

The Issuer may, but is not obliged to, purchase the Notes at any time at any price in the open market or by tender or private treaty and may hold, resell or cancel them. The market for the Notes may be limited. The only way in which a Noteholder can realise value from a Security prior to its maturity or expiry is to sell it at its then market price in the market which may be less than the amount initially invested. The price in the market for a Security may be less than its Issue Price even though the value of the Underlying Asset(s) may not have changed since the Issue Date. Further, the price at which a Noteholder sells its Notes in the market may reflect a commission or a dealer discount, which would further reduce the proceeds such Noteholder would receive for its Notes.

Any secondary market price quoted by the Issuer may be affected by several factors including, without limitation, prevailing market conditions, credit spreads and the remaining time to maturity of the Notes. The Notes are also subject to selling restrictions and/or transfer restrictions

that may limit a Noteholder's ability to resell or transfer its Notes. Accordingly, the purchase of Notes is suitable only for investors who can bear the risks associated with a lack of liquidity in the Notes and the financial and other risks associated with an investment in the Notes. Any investor in the Notes must be prepared to hold such Notes for an indefinite period of time or until redemption or expiry of the Notes.

(c) **No obligation to maintain listing**

Investors should note that where the Notes are listed on the TOKYO PRO BOND Market, the Issuer will not be obliged to maintain the listing of the Notes in certain circumstances, such as a change in listing requirements.

(d) **The Issue Price may be more than the market value of the Notes**

The Issue Price in respect of any Notes specified in the relevant Pricing Supplement may be more than the market value of such Notes as at the Issue Date, and more than the price, if any, at which the Dealer or any other person is willing to purchase such Notes in secondary market transactions. In particular, the Issue Price in respect of any Notes and the terms of such Notes may take into account, where permitted by law, fees, commissions or other amounts relating to the issue, distribution and sale of such Notes, or the provision of introductory services. Such fees, commissions or other amounts may be paid directly to the relevant distributor or, if the Notes are sold to the relevant distributor at a discount, may be retained by the relevant distributor out of the Issue Price paid by investors. In addition, the Issue Price in respect of the Notes and the terms of such Notes may also take into account (i) the expenses incurred by the Issuer in creating, documenting and marketing the Notes (including its internal funding costs) and (ii) amounts relating to the hedging of the Issuer's obligations under such Notes.

(e) **The market value of the Notes will be affected by many factors and cannot be predicted**

The market value of the Notes will be affected by many factors beyond the control of the Issuer, including, but not limited to, the following:

- (i) the creditworthiness of the Issuer (whether actual or perceived), including actual or anticipated downgrades in its credit rating;
- (ii) the remaining time to maturity of the Notes;
- (iii) interest rates and yield rates in the market;
- (iv) the volatility (i.e., the frequency and size of changes in the value) of the Underlying Asset(s) (if any);
- (v) the value of the Underlying Asset(s) to which the Notes are linked (if any);
- (vi) if the Notes are linked to a share, the dividend rate on such share or if the Notes are linked to an Index, the dividend rate on the components underlying such Index;
- (vii) national and international economic, financial, regulatory, political, military, judicial and other events that affect the value of the Underlying Asset(s) or the relevant market(s) generally; and
- (viii) the exchange rate between the currency in which the Notes are denominated and the currency in which the Underlying Asset(s) is denominated.

Some or all of the above factors will influence the value of and return on the Notes in the market. Some of these factors are inter-related in a complex way, and as a result, the effect of any one factor may be offset or magnified by the effect of another factor. If you sell your Notes prior to maturity or expiry, the price you will receive may be substantially lower than the original purchase price and you may lose some or all of your investment.

(f) **The market value of the Notes may be highly volatile**

Where the Notes reference any Underlying Asset(s), the Noteholders are exposed to the performance of such Underlying Asset(s). The price, performance or investment return of the Underlying Asset(s) may be subject to sudden and large unpredictable changes over time and this degree of change is known as "volatility". The volatility of an Underlying Asset may be affected by national and international economic, financial, regulatory, political, military, judicial or other events, including governmental actions, or by the activities of participants in the relevant markets. Any of these events or activities could adversely affect the value of and

return on the Notes.

(g) **Over-issuance of Notes by the Issuer**

The total size of Notes being issued on the issue date may be greater than the amount subscribed or purchased by investors as the dealer may retain some of the Notes as part of its issuing, market-making and/or trading arrangements or for the purposes of meeting future investor demand. The issue size of the Notes should not be regarded as indicative of the depth or liquidity of the market, or the demand, for the Notes.

(h) **In certain circumstances, the Issuer may redeem the Notes (other than due to a mandatory automatic early redemption event or exercise of a Call Option) prior to their scheduled maturity. The Early Redemption Amount payable on such early redemption may be less than the issue price or the purchase price and investors may therefore lose some or all of their investment and may not be able to reinvest the proceeds in another investment offering a comparable return**

The Notes may be redeemed prior to their scheduled maturity in certain circumstances (other than due to a mandatory automatic early redemption event or exercise of a Call Option) - for example, (i) if the Issuer determines that its obligations under the Notes or its hedging arrangements have become unlawful or illegal, (ii) following an event of default, or (iii) where the Notes are linked to one or more Underlying Asset(s), following certain events having occurred in relation to any Underlying Asset(s). In such case, the Notes may be redeemed early prior to their scheduled maturity for an amount equal to the Early Redemption Amount. Please refer to the section headed "Overview of the Potential for Discretionary Determinations by the Issuer" for more information.

(i) **In certain circumstances, the Issuer may adjust the terms of the Notes, and such adjustment may have a negative effect on the value of the Notes**

If the Issuer determines that any adjustment events or other events affecting (i) the Underlying Asset(s) or (ii) (depending on the terms of the Notes) the Issuer's hedging arrangements have occurred, the Issuer may adjust the terms and conditions of the Notes (including substituting an Underlying Asset) without the consent of the Noteholders.

In making any such adjustment, the Issuer will (whether or not already expressed to be the case in the Conditions) act in good faith and in a commercially reasonable manner, and (where there is a corresponding applicable regulatory obligation) shall take into account whether fair treatment is achieved by any such adjustment in accordance with its applicable regulatory obligations. Please refer to the section headed "Overview of the Potential for Discretionary Determinations by the Issuer" for more information.

Nevertheless, any such adjustment could have a material adverse effect on the return on, and value of, the Notes.

(j) **Tax risks**

Potential investors in the Notes should take note of the information set out in the section headed "Taxation". Potential investors in the Notes should conduct such independent investigation and analysis regarding the tax treatment of the Notes as they deem appropriate to evaluate the merits and risks of an investment in the Notes in light of their individual circumstances. Tax risks include, without limitation, a change in any applicable law, treaty, rule or regulation or the interpretation thereof by any relevant authority which may adversely affect payments in respect of the Notes. The level and basis of taxation on the Notes and on the Noteholders and any reliefs from such taxation depend on the Noteholder's individual circumstances and could change at any time. The tax and regulatory characterisation of the Notes may change over the life of the Notes. This could have adverse consequences for Noteholders. Potential Noteholders will therefore need to consult their own tax advisers to determine the specific tax consequences of the purchase, ownership, transfer and redemption, exercise or expiry or enforcement of the Notes.

(k) **Proposed Financial Transaction Tax**

The European Commission has published a proposal (the "**Commission's Proposal**") for a Directive for a common financial transaction tax ("**FTT**") which is currently being considered by Belgium, Germany, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**").

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are expected to be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (i) by transacting with a person established in a participating Member State or (ii) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective investors in Notes are advised to seek their own professional advice in relation to the FTT.

(l) **Issue of further Notes**

If additional securities or options with the same terms and conditions or linked to the same Underlying Asset(s) as the Notes are subsequently issued, either by the Issuer or another issuer, the supply of securities with such terms and conditions or linked to such Underlying Asset(s) in the primary and secondary markets will increase and may cause the secondary market price of the Notes to decline.

(m) **Risk of cancellation of issue of Notes**

The Issuer may determine to cancel the issue of Notes for reasons beyond its control, such as extraordinary events, substantial change of the political, financial, economic, legal, monetary or market conditions at national or international level and/or adverse events regarding the financial or commercial position of the Issuer and/or the other relevant events that in the determination of the Issuer may be prejudicial to the issue of the Notes. In such case, where an investor has already paid or delivered subscription monies for the relevant Notes, the investor will be entitled to reimbursement of such amounts, but will not receive any interest that may have accrued in the period between their payment or delivery of subscription monies and the reimbursement of the amount paid for such Notes.

(n) **Risks relating to the Euro and the Euro zone**

The ongoing deterioration of the sovereign debt of several countries, in particular Greece, together with the risk of contagion to other, more stable, countries, such as France and Germany, has raised a number of uncertainties regarding the stability and overall standing of the European Economic and Monetary Union and may result in changes to the composition of the Euro zone.

Concerns persist regarding the risk that other Euro zone countries could be subject to an increase in borrowing costs and could face an economic crisis similar to that of Cyprus, Greece, Ireland, Italy, Spain and Portugal, together with the risk that some countries could leave the Euro zone (either voluntarily or involuntarily). The impact of these events on Europe and the global financial system could be severe and could have a negative impact on the Notes.

Furthermore, concerns that the Euro zone sovereign debt crisis could worsen may lead to the reintroduction of national currencies in one or more Euro zone countries or, in more extreme circumstances, the possible dissolution of the Euro entirely. The departure or risk of departure from the Euro by one or more Euro zone countries and/or the abandonment of the Euro as a currency could have major negative effects on the Issuer and the Notes (including the risks of currency losses arising out of redenomination). Should the Euro dissolve entirely, the legal and contractual consequences for holders of Euro-denominated Notes would be determined by laws in effect at such time. These potential developments, or market perceptions concerning these and related issues, could adversely affect the value of the Notes. It is difficult to predict the final outcome of the Euro zone crisis. Investors should carefully consider how changes to the Euro zone may affect their investment in the Notes.

(o) **There are particular risks in relation to Notes denominated in or referencing CNY**

Chinese Renminbi, the lawful currency of the People's Republic of China ("**CNY**") is not freely convertible at present. The government of the People's Republic of China continues to regulate conversion between CNY and foreign currencies despite the significant reduction over the years by such government of its control over routine foreign exchange transactions conducted through current accounts. The People's Bank of China ("**PBOC**") has established a clearing and settlement system pursuant to the Settlement Agreement on the Clearing of CNY Business between PBOC and Bank of China (Hong Kong) Limited. However, the current size of CNY and CNY denominated financial assets in Hong Kong is limited, and its growth is subject to many constraints imposed by the laws and regulations of the People's Republic of China on foreign exchange.

No assurance can be given that access to CNY funds for the purposes of making payments under the Notes or generally will remain available or will not become restricted. The value of CNY against foreign currencies fluctuates and is affected by changes in the People's Republic of China and international political and economic conditions and by many other factors. As a result, foreign exchange fluctuations between a purchaser's home currency and CNY may affect purchasers who intend to convert gains or losses from the sale or redemption of the Notes into their home currency.

Developments and the perception of risks in other countries, especially emerging market countries, may adversely affect the exchange rate CNY with other currencies and therefore the value of Notes denominated in or referencing CNY.

4. Risks associated with certain types of Notes and certain product features(a) **Optional redemption by the Issuer**

Any call option of the Issuer in respect of the Notes may negatively impact their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period. The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed. The investor will not be able to participate in the performance of the Underlying Asset(s) following the effective date of the Issuer call option.

(b) **A "participation" factor of over 100 per cent. means that you may participate disproportionately in the performance of the Underlying Asset(s)**

Where the terms and conditions of the Notes provide that the Final Redemption Amount or other amount payable (as applicable) in respect of such Notes is based upon the performance of the Underlying Asset(s) and is multiplied by a "participation" factor which is over 100 per cent., the Noteholder may participate disproportionately in any positive performance and/or may have a disproportionate exposure to any negative performance of the Underlying Asset(s). Due to this leverage effect, such Notes will represent a very speculative and risky form of investment since any loss in the value of the Underlying Asset(s) carries the risk of a correspondingly higher loss.

(c) **A "participation" factor of less than 100 per cent. means that you will not participate in the full positive performance of the Underlying Asset(s)**

Where the terms and conditions of the Notes provide that the Final Redemption Amount or other amount payable (as applicable) in respect of such Notes is based upon the performance of the Underlying Asset(s) and is multiplied by a "participation" factor which is less than 100 per cent., the Noteholder will not participate fully in the performance (whether positive or negative) of the Underlying Asset(s). In such case, the return on the Notes will be disproportionately lower than any positive performance of the Underlying Asset(s), and may be significantly less than if the Noteholder had purchased the Underlying Asset(s) directly.

(d) **The effect of averaging**

If so provided in the applicable terms and conditions of the Notes, the amount payable (or deliverable) on the Notes (whether at maturity or otherwise) will be based on the average of the applicable levels, prices, rates or other applicable values of the Underlying Asset(s) on each

of the specified averaging dates, and not the simple performance of the Underlying Asset(s) over the term of the Notes. For example, if the applicable level, price, rate or other applicable value of the particular Underlying Asset(s) dramatically surged on the last of five averaging dates, the amount payable on the Notes may be significantly less than it would have been had the amount payable been linked only to the applicable level, price, rate or other applicable value of the particular Underlying Asset(s) on that last averaging date.

(e) **'Worst-of'**

Where the Notes are linked to a basket of Underlying Assets and the terms of the Notes provide that the Final Redemption Amount or other amount payable (as applicable) in respect of such Notes depends on the performance of the worst performing Underlying Asset in the basket, Noteholders will be exposed to the performance of each Underlying Asset and, in particular, to the Underlying Asset which has the worst performance.

This means that, irrespective of how the other Underlying Assets perform, if any one or more Underlying Assets fail to meet the specified threshold or barrier, Noteholders could lose some or all of their initial investment.

(f) **Cap**

Where the terms of the Notes provide that the amount payable or deliverable is subject to a cap, your ability to participate in any change in the value of the Underlying Asset(s) (or any change in floating interest rates) will be limited, no matter how much the level, price or other value of the Underlying Asset(s) (or floating interest rates) rises above the cap level over the term of the Notes. Accordingly, the value of or return on the Notes may be significantly less than if Noteholders had purchased the Underlying Asset(s) (or invested in instruments which pay an uncapped floating rate of interest) directly.

(g) **Interest rate risks**

Where Notes bear interest at a fixed rate, subsequent changes in market interest rates may adversely affect the value of the Notes.

Where interest on Notes is subject to floating rates of interest that will change subject to changes in market conditions, such changes could adversely affect the interest amount(s) received on the Notes. As the interest income on Notes which bear interest at a floating rate will vary, it is not possible to determine a fixed yield on such Notes at the time of investment and to compare the return on investment of such Notes with investments bearing interest at a fixed rate. If the terms and conditions of the Notes provide for frequent interest payment dates, a Noteholder may only be able to reinvest the interest amount(s) paid to it at the prevailing interest rates, which may be lower if market interest rates decline. Further, if the floating rate becomes negative, any positive margin specified to be applicable to a floating rate will be reduced accordingly, and as such, the resulting rate of interest on the Notes may be less than the positive margin, or may be zero (or such other minimum rate of interest), as specified in the relevant Pricing Supplement.

(h) **Emerging markets risks**

An Underlying Asset may include an exposure to emerging markets. Emerging market countries possess one or more of the following characteristics: a certain degree of political instability, relatively unpredictable financial markets and economic growth patterns, a financial market that is still at the development state or a weak economy. Emerging markets investments usually result in higher risks such as event risk, political risk, economic risk, credit risk, currency rate risk, market risk, regulatory/legal risk and trade settlement, processing and clearing risks as further described below. Investors should note that the risk of occurrence and the severity of the consequences of such risks may be greater than they would otherwise be in relation to more developed countries.

(i) *Event Risk:* On occasion, a country or region will suffer an unforeseen catastrophic event (for example, a natural disaster) which causes disturbances in its financial markets, including rapid movements in its currency, that will affect the value of securities in, or which relate to, that country. Furthermore, the performance of an Underlying Asset can be affected by global events, including events (political, economic or otherwise) occurring in a country other than that in which such Underlying Asset is issued or traded.

(ii) *Political Risk:* Many emerging market countries are undergoing, or have undergone in

recent years, significant political change which has affected government policy, including the regulation of industry, trade, financial markets and foreign and domestic investment. The relative inexperience with such policies and instability of these political systems leave them more vulnerable to economic hardship, public unrest or popular dissatisfaction with reform, political or diplomatic developments, social, ethnic, or religious instability or changes in government policies. Such circumstances, in turn, could lead to a reversal of some or all political reforms, a backlash against foreign investment, and possibly even a movement away from a market-oriented economy. For Noteholders, the results may include confiscatory taxation, exchange controls, compulsory re-acquisition, nationalisation or expropriation of foreign-owned assets without adequate compensation or the restructuring of particular industry sectors in a way that could adversely affect investments in those sectors. Any perceived, actual or expected disruptions or changes in government policies of a country, by elections or otherwise, can have a major impact on the performance of an Underlying Asset linked to such emerging market countries.

- (iii) *Economic Risk:* The economies of emerging market countries are by their nature in early or intermediate stages of economic development, and are therefore more vulnerable to rising interest rates and inflation. In fact, in many emerging market countries, high interest and inflation rates are the norm. Rates of economic growth, corporate profits, domestic and international flows of funds, external and sovereign debt, dependence on international trades and sensitivity to world commodity prices play key roles in economic development, yet vary greatly from one emerging market country to another. Businesses and governments in these emerging market countries may have a limited history of operating under market conditions. Accordingly, when compared to more developed countries, businesses and governments of emerging market countries are relatively inexperienced in dealing with market conditions and have a limited capital base from which to borrow funds and develop their operations and economies. In addition, the lack of an economically feasible tax regime in certain countries poses the risk of sudden imposition of arbitrary or excessive taxes, which could adversely affect foreign Noteholders. Furthermore, many emerging market countries lack a strong infrastructure and banks and other financial institutions may not be well-developed or well-regulated. All of the above factors, as well as others, can affect the proper functioning of the economy and have a corresponding adverse effect on the performance of an Underlying Asset linked to one or more emerging market countries.
- (iv) *Credit Risk:* Emerging market sovereign and corporate debt tends to be riskier than sovereign and corporate debt in established markets. Issuers and obligors of debt in these emerging market countries are more likely to be unable to make timely coupon or principal payments, thereby causing the underlying debt or loan to go into default. The sovereign debt of some countries is currently in technical default and there are no guarantees that such debt will eventually be restructured allowing for a more liquid market in that debt. The measure of a company's or government's ability to repay its debt affects not only the market for that particular debt, but also the market for all securities related to that company or country. Additionally, evaluating credit risk for foreign bonds involves greater uncertainty because credit rating agencies throughout the world have different standards, making comparisons across countries difficult. Many debt securities are simply unrated and may already be in default or considered distressed. There is often less publicly available business and financial information about foreign issuers in emerging market countries than those in developed countries. Furthermore, foreign companies are often not subject to uniform accounting, auditing and financial reporting standards. Also, some emerging market countries may have accounting standards that bear little or no resemblance to, or may not even be reconcilable with, generally accepted accounting principles.
- (v) *Currency Risk:* An Underlying Asset may be denominated in a currency other than U.S. dollars, euro or pounds sterling. The weakening of a country's currency relative to the U.S. dollar or other benchmark currencies will negatively affect the value (in U.S. dollar or such other benchmark currency) of an instrument denominated in that currency. Currency valuations are linked to a host of economic, social and political factors and can fluctuate greatly, even during intra-day trading. It is important to note that some countries have foreign exchange controls which may include the suspension of the ability to exchange or transfer currency, or the devaluation of the currency. Hedging can increase or decrease the exposure to any one currency, but may not eliminate completely exposure to changing currency values.
- (vi) *Market Risk:* The emerging equity and debt markets of many emerging market countries, like their economies, are in the early stages of development. These financial

markets generally lack the level of transparency, liquidity, efficiency and regulation found in more developed markets. It is important, therefore, to be familiar with secondary market trading in emerging markets securities and the terminology and conventions applicable to transactions in these markets. Price volatility in many of these markets can be extreme. Price discrepancies can be common as can market dislocation. Additionally, as news about a country becomes available, the financial markets may react with dramatic upswings and/or downswings in prices during a very short period of time. These emerging market countries also might not have regulations governing manipulation and insider trading or other provisions designed to "level the playing field" with respect to the availability of information and the use or misuse thereof in such markets. It may be difficult to employ certain risk management practices for emerging markets securities, such as forward currency exchange contracts, stock options, currency options, stock and stock index options, futures contracts and options on futures contracts.

- (vii) *Regulatory/Legal Risk:* In emerging market countries there is generally less government supervision and regulation of business and industry practices, stock exchanges, over-the-counter markets, brokers, dealers and issuers than in more developed countries. Whatever supervision is in place may be subject to manipulation or control. Many emerging market countries have mature legal systems which are comparable to those of more developed countries, whilst others do not. The process of regulatory and legal reform may not proceed at the same pace as market developments, which could result in confusion and uncertainty and, ultimately, increased investment risk. Legislation to safeguard the rights of private ownership may not yet be in place in certain areas, and there may be the risk of conflict among local, regional and national requirements. In certain areas, the laws and regulations governing investments in securities may not exist or may be subject to inconsistent or arbitrary application or interpretation and may be changed with retroactive effect. Both the independence of judicial systems and their immunity from economic, political or nationalistic influences remain largely untested in many countries. Judges and courts in many countries are generally inexperienced in the areas of business and corporate law. Companies are exposed to the risk that legislatures will revise established law solely in response to economic or political pressure or popular discontent. There is no guarantee that a foreign Noteholder would obtain a satisfactory remedy in local courts in case of a breach of local laws or regulations or a dispute over ownership of assets. A Noteholder may also encounter difficulties in pursuing legal remedies or in obtaining and enforcing judgments in foreign courts.
- (viii) *Trade Settlement, Processing and Clearing:* Many emerging market countries have different clearance and settlement procedures from those in more developed countries. For many emerging markets securities, there is no central clearing mechanism for settling trades and no central depository or custodian for the safekeeping of securities. Custodians can include domestic and foreign custodian banks and depositaries, among others. The registration, record-keeping and transfer of Notes may be carried out manually, which may cause delays in the recording of ownership. Where applicable, the Issuer will settle trades in emerging markets securities in accordance with the currency market practice developed for such transactions by the Emerging Markets Traders Association. Otherwise, the transaction may be settled in accordance with the practice and procedure (to the extent applicable) of the relevant market. There are times when settlement dates are extended, and during the interim the market price of any Underlying Assets and in turn the value of the Notes, may change. Moreover, certain markets have experienced times when settlements did not keep pace with the volume of transactions resulting in settlement difficulties. Because of the lack of standardised settlement procedures, settlement risk is more prominent than in more mature markets. In addition, Noteholders may be subject to operational risks in the event that Noteholders do not have in place appropriate internal systems and controls to monitor the various risks, funding and other requirements to which Noteholders may be subject by virtue of their activities with respect to emerging market securities.

(i) **Jurisdictional Event**

The amount payable in respect of Notes which are linked to an Underlying Asset may be reduced if the value of the proceeds of the Issuer's (or its affiliates') hedging arrangements in relation to such Underlying Asset are reduced as a result of various matters (each described as a "**Jurisdictional Event**") relating to risks connected with the relevant country or countries specified in the terms and conditions of the Notes (including, but not limited to, risks associated with fraud and/or corruption, political risk, legal uncertainty, imposition of foreign exchange controls and changes in laws or regulations).

(j) Occurrence of Additional Disruption Events

Additional disruption events in respect of an Underlying Asset may include events which result in the Issuer incurring material costs for performing its obligations under the Notes due to a change in applicable law or regulation, the inability or a materially increased cost of the Issuer and/or its affiliates to maintain or enter into hedging arrangements in respect of such Underlying Asset and the Notes ("**Additional Disruption Events**"). Subject to the terms and conditions for the Notes which determines the types of Additional Disruption Events which are applicable, upon determining that an Additional Disruption Event has occurred, the Issuer has discretion to make certain determinations to account for such event including to (i) make adjustments to the terms of the Notes (without the consent of the Noteholders), or (ii) (A) if the terms of the Notes do not provide for the amount payable at maturity to be subject to a minimum amount, cause an early redemption of the Notes, or (B) otherwise, redeem the Notes at the scheduled maturity by payment of the Early Redemption Amount instead of the Final Redemption Amount, any of such determinations may have an adverse effect on the value of and return on the Notes. Following a determination by the Issuer in accordance with (ii)(A) or (ii)(B), no other amounts shall be payable in respect of the Notes on account of interest or otherwise.

In making any such adjustments or determinations, the Issuer in such capacity will (whether or not already expressed to be the case in the Conditions) act in good faith and in a commercially reasonable manner, and (where there is a corresponding applicable regulatory obligation) shall take into account whether fair treatment is achieved by any such adjustments or determinations in accordance with its applicable regulatory obligations.

Please refer to the section headed "Overview of the Potential for Discretionary Determinations by the Issuer" for more information.

5. Risks associated with Notes that are linked to Underlying Asset(s)**(a) Past performance of an Underlying Asset is not a reliable indicator of future performance**

Any information about the past performance of an Underlying Asset at the time of the issuance of the Notes should not be regarded as a reliable indicator of the range of, or trends in, fluctuations in such Underlying Asset that may occur in the future. The level, price, rate or other applicable value of an Underlying Asset (and of components comprising such Underlying Asset) may go down as well as up throughout the term of the Notes. Such fluctuations may affect the value of and return on the Notes. There can be no assurance as to the future performance or movement of any Underlying Asset. Accordingly, before investing in the Notes, investors should carefully consider whether any investment linked to one or more relevant Underlying Assets is suitable for them.

(b) No rights of ownership in an Underlying Asset

Potential investors in the Notes should be aware that the Notes are unsecured obligations of the Issuer and that an Underlying Asset will not be held by the Issuer for the benefit of the Noteholders of such Notes and, as such, Noteholders will have no rights of ownership, including, without limitation, any voting rights, any rights to receive dividends or other distributions or any other rights with respect to any Underlying Asset referenced by such Notes.

(c) Exposure to currency risks

Investors may be exposed to currency risks because (i) an Underlying Asset may be denominated or priced in currencies other than the currency in which the Notes are denominated, or (ii) the Notes and/or such Underlying Asset may be denominated in currencies other than the currency of the country in which the investor is resident. The value of the Notes may therefore increase or decrease as a result of fluctuations in those currencies.

(d) Substitute Dividend and Dividend Equivalent Payments

Under section 871(m) of the United States Internal Revenue Code of 1986 (the "**Code**") and regulations thereunder, a payment on a financial instrument that references a US equity or an index that includes a US equity may be treated as a "dividend equivalent" payment. Such payments generally will be subject to US withholding tax at a rate of 30 per cent. If withholding applies, the Issuer will not pay any additional amounts with respect to amounts withheld. The relevant Pricing Supplement may indicate if the Issuer has determined that the Notes are transactions subject to withholding under section 871(m). Although the Issuer's determination generally is binding on holders, it is not binding on the IRS. The IRS may successfully argue that the Notes are subject to

withholding under section 871(m), notwithstanding the Issuer's determination to the contrary. Holders should consult their tax advisors regarding the U.S. federal income tax consequences to them of section 871(m) and regulations thereunder, and whether payments or deemed payments on the Notes constitute dividend equivalent payments.

(e) **Correction of published prices or levels**

In the event that the relevant published prices or levels of an Underlying Asset are subsequently corrected and such correction is published by the entity or sponsor responsible for publishing such prices or levels, subject to such correction and publication occurring prior to a specified cut-off date in respect of the relevant Notes, such corrected prices or levels may be taken into account by the Issuer in any determination in relation to the Notes and/or the Issuer may make adjustments to the terms of the Notes, subject to the provisions of the relevant terms and conditions for the Notes. Where such corrected prices or levels are lower than the original levels or prices, this may have an adverse effect on the value of and return on the Notes.

(f) **Risks associated with Notes linked to a basket of Underlying Assets**

The following are particular risks associated with Notes linked to a basket of Underlying Assets:

- (i) *If the basket constituents are highly correlated, any move in the performance of the basket constituents will exaggerate the impact on the value of the Notes:* Correlation of basket constituents indicates the level of interdependence among the individual basket constituents with respect to their performance. If, for example, all of the basket constituents originate from the same sector and the same country, a high positive correlation may generally be assumed. Past rates of correlation may not be determinative of future rates of correlation. Investors should be aware that, though basket constituents may not appear to be correlated based on past performance, they may nevertheless suffer the same negative performance following a general downturn.
- (ii) *The negative performance of a single basket constituent may outweigh a positive performance of one or more other basket constituents:* Even in the case of a positive performance by one or more of the basket constituents, the performance of the basket as a whole may be negative if the performance of one or more of the other basket constituents is negative to a greater extent, depending on the terms and conditions of the relevant Notes.
- (iii) *A small basket, or an unequally weighted basket, will generally leave the basket more vulnerable to changes in the value of any particular basket constituent:* The performance of a basket that includes a fewer number of basket constituents will generally be more affected by changes in the value of any particular basket constituent than a basket that includes a greater number of basket constituents.
- (iv) *A change in composition of a basket may have an adverse effect on basket performance:* Where the terms and conditions of the Notes grant the Issuer the right, in certain circumstances, to adjust the composition of the basket, investors should be aware that any replacement basket constituent may perform differently from the original basket constituent, which may have an adverse effect on the performance of the basket and therefore the performance of the Notes.

(g) **Risks associated with physical delivery of Underlying Asset(s)**

In the case of Notes where physical settlement is specified to be applicable in the relevant Pricing Supplement, such Notes shall be redeemed at their maturity by delivering Underlying Asset(s) to the Noteholders and the Noteholders will receive such Underlying Asset(s) rather than a monetary amount upon maturity. Noteholders will therefore be exposed to the risks associated with the issuer of such Underlying Asset(s) and the risks associated with such Underlying Asset(s).

The value of each such Underlying Asset to be delivered, together with any fractional cash amount, to a Noteholder may be less than the purchase amount paid by such Noteholder for the Notes and the principal amount (if any) of the relevant Notes. In the worst case, the Underlying Asset(s) to be delivered may be worthless. Also, prospective investors should consider that any fluctuations in the price of the Underlying Asset(s) to be delivered between the end of the term of the Notes and the actual delivery date will be borne by the Noteholders. This means that a Noteholder's actual loss or gain and final return on the Notes can only be determined after delivery of the Underlying Asset(s) to such Noteholder. Further, Noteholders may be subject to certain documentary or stamp taxes in relation to the delivery and/or disposal

of Underlying Asset(s).

(h) **Regulation and reform of "benchmarks", including LIBOR, EURIBOR and other interest rate, equity, commodity, foreign exchange rate and other types of benchmarks**

The London Interbank Offered Rate ("LIBOR"), the Euro Interbank Offered Rate ("EURIBOR") and other interest rate, equity, commodity, foreign exchange rate and other types of rates and indices which are deemed to be "benchmarks" are the subject of ongoing national and international regulatory reform. Following any such reforms, benchmarks may perform differently than in the past or disappear entirely, or there could be other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to such a benchmark.

Key regulatory proposals and initiatives in this area include (amongst others) IOSCO's Principles for Financial Market Benchmarks, published in July 2013 (the "**IOSCO Benchmark Principles**"), the EU Regulation on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the "Benchmark Regulation"), and the transition, proposed by the UK's Financial Conduct Authority (the "**FCA**"), away from LIBOR to one or more alternative benchmarks.

The IOSCO Benchmark Principles aim to create an overarching framework of principles for benchmarks to be used in financial markets, specifically covering governance and accountability as well as the quality and transparency of benchmark design and methodologies. Subsequent implementation reviews have found that widespread efforts are being made to implement the IOSCO Benchmark Principles by the majority of administrators surveyed. However, the reviews also note that, as the "benchmarks industry" is in a state of flux, IOSCO may need to take further steps in the future - although it is not yet clear what these steps might be.

The Benchmark Regulation entered into force in June 2016 and became fully applicable in the EU on 1 January 2018 (save that certain provisions, including those related to "critical benchmarks", took effect as at 30 June 2016), subject to certain transitional provisions. The Benchmark Regulation applies to "contributors" to, "administrators" of, and "users" of benchmarks in the EU. It, among other things, (a) requires EU benchmark administrators to be authorised or registered and to comply with requirements relating to the administration of benchmarks, (b) prohibits the use in the EU of benchmarks provided by EU administrators which are not authorised or registered in accordance with the Benchmark Regulation, and (c) prohibits the use in the EU of benchmarks provided by non-EU administrators which are not (i) authorised or registered and subject to supervision in a jurisdiction in respect of which an "equivalence" decision has been adopted in accordance with the Benchmark Regulation, or (ii) where such equivalence decision is pending, "recognised" by the competent authorities of the applicable EU Member State(s). An exception to this is that a benchmark provided by a non-EU administrator can itself be endorsed for use in the EU by an EU authorised or registered administrator or an EU-based supervised entity, following authorisation of the endorsement by the relevant competent authority.

The scope of the Benchmark Regulation is wide and, in addition to so-called "critical benchmark" indices such as EURIBOR, will, when fully applicable, apply to many other interest rate indices, as well as equity, commodity and foreign exchange rate indices and other indices. This will include "proprietary" indices or strategies where these are used to (i) determine the amount payable under, or the value of, certain financial instruments (including securities or OTC derivatives listed on an EU regulated market, EU multilateral trading facility (MTF), EU organised trading facility (OTF) or traded via a systematic internaliser), (ii) determine the amount payable under certain financial contracts, or (iii) measure the performance of an investment fund. The requirements of the Benchmark Regulation vary depending on the category of benchmark in question. In particular, a lighter touch regime applies to benchmarks which are not interest rate or commodity benchmarks where the total average value of financial instruments, financial contracts or investment funds referencing the benchmark over a period of six months is less than €50bn (subject to further conditions).

The Benchmark Regulation could have a material impact on Notes linked to a benchmark rate or index. For example:

- a rate or index which is a benchmark could be prohibited from being used in the EU if (subject to applicable transitional provisions) its administrator is (i) based in the EU and does not obtain authorisation or registration, or (ii) based in a non-EU jurisdiction which does not satisfy the "equivalence" conditions and is not "recognised" pending an equivalence decision. In such event, depending on the particular benchmark and the applicable terms of the Notes, the Notes could be de-listed, adjusted, redeemed prior to maturity or otherwise impacted; and

- the methodology or other terms of the benchmark could be changed in order to comply with the terms of the Benchmark Regulation, and such changes could reduce or increase the rate or level or affect the volatility of the published rate or level, and could lead to adjustments to the terms of the Notes, including the Calculation Agent determination of the rate or level in its discretion.

In a speech in July 2017, the Chief Executive of the FCA committed the FCA to begin planning a transition away from LIBOR to alternative reference rates that are based on actual transactions, such as SONIA (the Sterling Over Night Index Average). The speech envisaged the current LIBOR arrangements continuing until at least the end of 2021.

Ongoing international and/or national reform initiatives and the increased regulatory scrutiny of benchmarks generally could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any applicable regulations or requirements. Such factors may discourage market participants from continuing to administer or contribute to benchmarks, trigger changes in the rules or methodologies used in respect of benchmarks, and/or lead to the disappearance of benchmarks, including LIBOR. This could result in (i) adjustments to the terms and conditions and/or early redemption provisions and/or provisions relating to discretionary valuation by the Calculation Agent, (ii) delisting, and/or (iii) other consequences for Notes linked to any such benchmarks. Any such consequence could have a material adverse effect on the value of and return on any such Notes.

(i) **It may not be possible to use the Notes as a perfect hedge against the market risk associated with investing in the Underlying Asset(s)**

It may not be possible to use the Notes as a perfect hedge against the market risk associated with investing in the Underlying Asset(s) and there are complexities of using the Notes in this manner. For example, the value of the Notes may not exactly match the value of the Underlying Asset(s). Due to fluctuating supply and demand for the Notes, there is no assurance that the value of the Notes will match changes in the value of the Underlying Asset(s). It may also not be possible to purchase or sell the Notes at the prices used to calculate the value of the Underlying Asset(s).

(j) **There may be regulatory consequences to Noteholders holding Notes linked to an Underlying Asset**

There may be regulatory and other consequences associated with the holding by certain Noteholders of Notes linked to an Underlying Asset. Each prospective investor must conduct its own investigations into its regulatory position with respect to a potential investment in the Notes or consult advisers as it considers appropriate.

6. Risks associated with Notes that are linked to one or more particular types of Underlying Assets

(a) Risks associated with shares

(i) *Factors affecting the performance of shares may adversely affect the value of Notes*

The performance of shares is dependent upon macroeconomic factors, such as interest and price levels on the capital markets, currency developments, political factors as well as company-specific factors such as earnings position, market position, risk situation, shareholder structure and distribution policy.

(ii) *Actions by the issuer of a share may adversely affect the Notes*

The issuer of a share will have no involvement in the offer and sale of the Notes and will have no obligation to any Noteholders. The issuer of a share may take any actions in respect of such share without regard to the interests of the Noteholders, and any of these actions could adversely affect the market value of and return on the Notes.

(iii) *Determinations made by the Issuer in respect of certain potential adjustment events and extraordinary events may have an adverse effect on the value of the Notes*

The adjustment events referred to in risk factor 3(h) (*In certain circumstances, the Issuer may redeem the Notes (other than due to a mandatory automatic early redemption event or exercise of a Call Option) prior to their scheduled maturity. The Early Redemption Amount payable on such early redemption may be less than the issue price or the purchase price and investors may therefore lose some or all of their investment and may*

not be able to reinvest the proceeds in another investment offering a comparable return include, in respect of shares, "Potential Adjustment Events" and "Extraordinary Events". Potential Adjustment Events include (A) a sub-division, consolidation or re-classification of shares, (B) an extraordinary dividend, (C) a call of shares that are not fully paid-up, (D) a repurchase by the share issuer, or an affiliate thereof, of the shares, (E) a separation of rights from shares, (F) any event having a dilutive or concentrative effect on the value of shares, or (G) the amendment or supplement to the terms of the deposit agreement in respect of shares which are depositary receipts. Extraordinary Events include (1) a delisting of shares on an exchange, (2) an insolvency or bankruptcy of the issuer of the shares, (3) a merger event entailing the consolidation of shares with those of another entity, (4) a nationalisation of the issuer of the shares or transfer of shares to a governmental entity, or (5) a tender offer or takeover offer that results in transfer of shares to another entity.

Upon determining that a Potential Adjustment Event or an Extraordinary Event has occurred in relation to a share or share issuer, the Issuer has discretion to make certain determinations to account for such event including to (aa) make adjustments to the terms of the Notes (without the consent of Noteholders), and/or (bb) (in the case of an Extraordinary Event) (x) if the terms of the Notes do not provide for the amount payable at maturity to be subject to a minimum amount, cause an early redemption of the Notes, or (y) otherwise, redeem the Notes at the scheduled maturity by payment of the Early Redemption Amount instead of the Final Redemption Amount, any of such determinations may have an adverse effect on the value of and return on the Notes. Following a determination by the Issuer in accordance with (bb)(x) or (bb)(y), no other amounts shall be payable in respect of the Notes on account of interest or otherwise.

In making any such adjustments or determinations, the Issuer in such capacity will (whether or not already expressed to be the case in the Conditions) act in good faith and in a commercially reasonable manner, and (where there is a corresponding applicable regulatory obligation) shall take into account whether fair treatment is achieved by any such adjustments or determinations in accordance with its applicable regulatory obligations.

Please refer to the section headed "Overview of the Potential for Discretionary Determinations by the Issuer" for more information.

(iv) *Loss of return of dividends in respect of most Notes linked to shares*

Unless the terms and conditions of the Notes specify otherwise, holders of such Notes in respect of which an Underlying Asset is a share will not participate in dividends or other distributions paid on such share. Therefore, the return on such Notes will not reflect the return a Noteholder would have realised had it actually owned such shares and received the dividends in respect of them.

(b) **Risks associated with Equity Indices**

(i) *Factors affecting the performance of Indices may adversely affect the value of and return on the Notes*

Indices are comprised of a synthetic portfolio of shares or other assets, and as such, the performance of an Index is dependent upon the macroeconomic factors relating to the shares or other components that comprise such Index, which may include interest and price levels on the capital markets, currency developments, political factors and (in the case of shares) company-specific factors such as earnings position, market position, risk situation, shareholder structure and distribution policy.

(ii) *Returns on Notes will not be the same as a direct investment in futures or options on the Index or in the underlying components of the Index*

An investment in the Notes linked to Indices is not the same as a direct investment in futures or option contracts on any or all of the relevant Indices nor any or all of the constituents included in each Index. In particular, investors will not benefit directly from any positive movements in any Index nor will investors benefit from any profits made as a direct result of an investment in such Index. Accordingly, changes in the performance of any Index may not result in comparable changes in the market value of or return on the Notes linked to such Index.

(iii) *Loss of return of dividends in respect of most Notes linked to Indices*

The rules of an Index might stipulate that dividends distributed on its components do not lead to a rise in the Index Level, for example, if it is a "price" index. As a result, holders of Notes linked to such Index would lose the benefit of any dividends paid by the components of the Index and such Notes would not perform as well as a position where such holder had invested directly in such components or where they invested in a "total return" version of the Index. Even if the rules of the relevant underlying Index provide that distributed dividends or other distributions of the components are reinvested in the Index and therefore result in raising its level, in some circumstances the dividends or other distributions may not be fully reinvested in such Index.

- (iv) *A change in the composition or discontinuance of an Index could have a negative impact on the value of the Notes*

The sponsor of an Index can add, delete or substitute the components of such Index or make other methodological changes that could change the level of one or more components. The changing of the components of an Index may affect the level of such Index as a newly added component may perform significantly worse or better than the component it replaces, which in turn may adversely affect the value of and return on the Notes. The sponsor of an Index may also alter, discontinue or suspend calculation or dissemination of such Index. The sponsor of an Index will have no involvement in the offer and sale of the Notes and will have no obligation to any investor in such Notes. The sponsor of an Index may take any actions in respect of such Index without regard to the interests of the investor in the Notes, and any of these actions could have an adverse effect on the value of and return on the Notes.

- (v) *Occurrence of Index Adjustment Events*

Upon determining that an index adjustment event has occurred in relation to an Index pursuant to the terms and conditions of the Notes, the Issuer has the discretion to make certain determinations and adjustments to account for such event including to (A) make adjustments to the terms of the Notes (without the consent of Noteholders), and/or (B) cause an early redemption of the Notes prior to their scheduled maturity by payment of the Early Redemption Amount instead of the Final Redemption Amount, any of such determinations may have an adverse effect on the value of and return on the Notes. Following a determination by the Issuer in accordance with (B) redeem the Notes at the scheduled maturity by payment of the Early Redemption Amount instead of the Redemption Amount, any of such determinations may have an adverse effect on the value of and return on the Notes. Following a determination by the Issuer in accordance with (B), no other amounts shall be payable in respect of the Notes on account of interest or otherwise.

In making any such adjustments or determinations, the Issuer in such capacity will (whether or not already expressed to be the case in the Conditions) act in good faith and in a commercially reasonable manner, and (where there is a corresponding applicable regulatory obligation) shall take into account whether fair treatment is achieved by any such adjustments or determinations in accordance with its applicable regulatory obligations.

Please refer to the section headed "Overview of the Potential for Discretionary Determinations by the Issuer" for more information.

7. Risks associated with calculations and determinations by the Issuer and conflicts of interest between the Issuer and holders of Notes

(a) Exclusion of liability for calculations and determinations

The terms of the Notes may contain an exclusion of liability or responsibility on the part of the Issuer (in its capacity as Issuer or otherwise) for errors or omissions in its calculations or determinations with regard to the Notes, whether caused by negligence or otherwise. If that is the case, investors may have no ability to take legal action against the Issuer for any loss or damage suffered as a result of such error or omission.

(b) Calculations and determinations under the Notes

In making calculations and determinations with regard to the Notes, there may be a difference of interest between the Noteholders and the Issuer. Save where otherwise provided in the terms and conditions, the Issuer is required to act in good faith and in a commercially reasonable manner but does not have any obligations of agency or trust for any investors and has no fiduciary

obligations towards them. In particular, the Issuer and its affiliated entities may have interests in other capacities (such as other business relationships and activities). Prospective investors should be aware that any determination made by the Issuer may have a negative impact on the value of and return on the Notes.

Each of the Issuer, the Dealer or any of their respective affiliates may have existing or future business relationships with each other (including, but not limited to, lending, depository, derivative counterparty, risk management, advisory and banking relationships), and when acting in such other capacities the Issuer, the Dealer or any of their respective affiliates may pursue actions and take steps that it deems necessary or appropriate to protect its interests arising therefrom without regard to the consequences for any particular Noteholder.

(c) **Hedging and dealing activities in relation to the Notes and Underlying Asset(s)**

In the ordinary course of its business the Issuer and/or any of its affiliates may effect transactions for its own account or for the account of its customers and may enter into one or more hedging transactions with respect to the Notes or related derivatives. In connection with such hedging or market-making activities or with respect to proprietary or other trading activities by the Issuer and/or any of its affiliates, the Issuer and/or any of its affiliates may enter into transactions in or in respect of the Underlying Asset(s) or related derivatives which may affect the market price, liquidity, value of or return on the Notes and which could be adverse to the interest of the relevant Noteholders.

For example, the Issuer (itself or through an affiliate) may hedge the Issuer's obligations under the Notes by purchasing futures and/or other instruments linked to the Underlying Asset(s) or (if an Index) the stocks or other components underlying the Underlying Asset(s). The Issuer (or affiliate) may adjust its hedge by, among other things, purchasing or selling any of the foregoing, and perhaps other instruments linked to the Underlying Asset(s) or (if applicable) the components, at any time and from time to time, and may unwind the hedge by selling any of the foregoing on or before the maturity or settlement date (as applicable) for the Notes. The Issuer (or affiliate) may also enter into, adjust and unwind hedging transactions relating to other securities whose returns are linked to changes in the level, price, rate or other applicable value of the Underlying Asset(s) or (if applicable) the components. Any of these hedging activities may adversely affect the level, price, rate or other applicable value of the Underlying Asset(s) — directly or (if applicable) indirectly by affecting the level, price, rate or other applicable value of underlying components — and therefore the value of and return on the Notes. It is possible that the Issuer (or affiliate) could receive substantial returns with respect to such hedging activities while the value of and return on the Notes may decline.

Moreover, the Issuer (or affiliate) may also engage in trading in one or more of the Underlying Asset(s) or (if applicable) the components or instruments whose returns are linked to the Underlying Asset(s) or (if applicable) the components, for its proprietary accounts, for other accounts under its management or to facilitate transactions, including block transactions, on behalf of customers. Any of these activities of the Issuer (or affiliate) could adversely affect the level, price, rate or other applicable value of the Underlying Asset(s) — directly or (if applicable) indirectly by affecting the level, price, rate or other applicable value of the components — and therefore, the value of and return on the Notes. The Issuer (or affiliate) may issue or underwrite, other securities or financial or derivative instruments with returns linked to changes in the level, price, rate or other applicable value of the Underlying Asset(s) or (if applicable) one or more of the components, as applicable. By introducing competing products into the marketplace in this manner, the Issuer (or affiliate) could adversely affect the value of and return on the Notes.

(d) **Confidential information relating to the Underlying Asset(s)**

The Issuer and its affiliates (and any of their employees) may from time to time, by virtue of their status as underwriter, advisor or otherwise, possess or have access to information relating to the Underlying Asset(s) and any derivative instruments referencing them. None of the Issuer or its affiliates will be obliged (and may be subject to legal prohibition) to disclose any such information to an investor in the Notes.

DOCUMENTS INCORPORATED BY REFERENCE

This Listing Supplement should be read and construed in conjunction with the following documents which shall be deemed to be incorporated in, and form part of, this Listing Supplement, save that any statement contained in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Listing Supplement to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Listing Supplement.

- (a) The registration document of CSi dated 23 April 2018 (the "**CSi Registration Document**") approved by the UK Listing Authority (as may be supplemented and/or replaced from time to time) is incorporated by reference in respect of CSi. The latest CSi Registration Document and any supplements thereto are available at <https://www.credit-suisse.com/media/assets/investment-banking/docs/financial-regulatory/international/csi-registration.pdf>.
- (b) The annual and current reports, including interim financial information, and other relevant information of CSi, are incorporated by reference in respect of CSi and are available at https://www.credit-suisse.com/investment_banking/financial_regulatory/en/international.jsp.
- (c) Any relevant information relating to CSi as may be published on or after the date of this Listing Supplement on the website of the Financial Conduct Authority at www.fca.org.uk/news.

Copies of this Listing Supplement will be available for inspection during normal business hours on any business day (except Saturdays, Sundays and legal holidays) at the offices of the Paying Agents. In addition, copies of the documents incorporated by reference in this Listing Supplement (and any document incorporated by reference therein) will be available free of charge during normal business hours on any business day (except Saturdays, Sundays and legal holidays) at the offices of the Paying Agents and at the registered office of the Issuer.

OVERVIEW OF THE POTENTIAL FOR DISCRETIONARY DETERMINATIONS BY THE ISSUER

Under the terms and conditions of the Notes, following the occurrence of certain events outside of its control, the Issuer may exercise its discretion to take one or more actions available to it in order to deal with the impact of such events on the Notes or its hedging arrangements (or both). **Any such exercise of a discretionary determination by the Issuer could have a material adverse impact on the value of and return on the Notes and/or could result in their early redemption.**

Below is an overview of the types of events that could give rise to a discretionary determination by the Issuer (if so specified to be applicable to the relevant Notes), the actions available to the Issuer to deal with the impact of such events and the effect of such event and/or action taken by the Issuer. Investors should also read the terms and conditions of the Notes which sets out in full the terms summarised below.

<p>What are the types of events that could give rise to a discretionary determination by the Issuer?</p>	<p>Broadly, there are three types of events that could give rise to a discretionary determination by the Issuer:</p> <ul style="list-style-type: none"> (a) if the Issuer's obligations under the Notes (depending on the terms of the particular Notes) or its related activities involving the Underlying Assets become or will become illegal; (b) external events which affect the Underlying Asset(s); and (c) (depending on the terms of the particular Notes) external events which affect the Issuer's hedging arrangements and/or other related activities involving the Underlying Assets.
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<p>What are the types of external events which affect the Underlying Asset(s)?</p>	<p>There are many different external events that may affect an Underlying Asset, and these will vary depending on the type of Underlying Asset, including (but not limited to) those summarised in the table below:</p>	
	<p>Type(s) of Underlying Asset</p>	<p>External events which affect such Underlying Asset(s)</p>
	<p><i>Equity</i></p>	<p>Potential Adjustment Events: broadly, corporate actions relating to the share issuer which have a dilutive or concentrative effect on the theoretical value of the share - for example, a stock split or a distribution payment to holders of the shares.</p> <p>Extraordinary Events: events which materially impact on the business of the share issuer, such as a merger, a takeover or tender offer, the nationalisation of the shares or assets of the share issuer, a delisting of the relevant shares on an exchange or the share issuer becomes insolvent.</p>
<p><i>Equity Index</i></p>	<p>Successor Index: the index is replaced by another index which is calculated using the same (or substantially similar) formula.</p> <p>Index Adjustment Events: events which materially impact on the calculation of the index - for example, the relevant sponsor cancels the index or fails to calculate the level of the index or materially changes the formula for calculating the index.</p>	

<p>What are the types of external events which affect the Issuer's hedging arrangements?</p>	<p>There are many different external events that may affect the Issuer's hedging arrangements, and these will vary depending on (a) the type of Underlying Asset or (b) the type of Notes, including (but not limited to) those summarised in the table below:</p>					
<table border="1"> <thead> <tr> <th data-bbox="499 304 794 405">Type(s) of Underlying Asset / Type of Security</th> <th data-bbox="794 304 1350 405">External events which affect the Issuer's hedging arrangements</th> </tr> </thead> <tbody> <tr> <td data-bbox="499 405 794 1368"><i>Equity, Equity Index</i></td> <td data-bbox="794 405 1350 1368"> <p>Change in law: as a result of a change in any applicable law, it has become unlawful or illegal to conduct its hedging arrangements or other related activities involving the Underlying Assets or it will incur a materially increased cost in performing its obligations under the Notes or other related activities involving the Underlying Assets.</p> <p>Hedging Disruption: an event which impacts the ability of the Issuer and/or its affiliates to hedge the risk of the Issuer entering into and performing its obligations under the Notes – for example, if the Issuer is unable to enter into a hedge or to realise the proceeds of a hedge.</p> <p>Increased Cost of Hedging: the Issuer and/or its affiliates would incur a materially increased cost to hedge the risk of the Issuer entering into and performing its obligations under the Notes (except where the increased cost is due to the deterioration of the creditworthiness of the Issuer and/or its affiliates).</p> <p>FX Disruption: an event which impacts on the ability of the Issuer and/or its affiliates to transfer or convert any relevant amounts in relation to its hedging arrangements.</p> <p>Jurisdictional Event: an event where, as a result of the risks (which may be political, legal or otherwise) associated with certain emerging countries, has the effect of reducing the value of the proceeds of the Issuer's hedging arrangements.</p> </td> </tr> <tr> <td data-bbox="499 1368 794 1525"><i>Equity</i></td> <td data-bbox="794 1368 1350 1525"> <p>Insolvency Filing: an event which impacts on the transferability of the shares as a result of insolvency or similar proceedings affecting the share issuer.</p> </td> </tr> </tbody> </table>	Type(s) of Underlying Asset / Type of Security	External events which affect the Issuer's hedging arrangements	<i>Equity, Equity Index</i>	<p>Change in law: as a result of a change in any applicable law, it has become unlawful or illegal to conduct its hedging arrangements or other related activities involving the Underlying Assets or it will incur a materially increased cost in performing its obligations under the Notes or other related activities involving the Underlying Assets.</p> <p>Hedging Disruption: an event which impacts the ability of the Issuer and/or its affiliates to hedge the risk of the Issuer entering into and performing its obligations under the Notes – for example, if the Issuer is unable to enter into a hedge or to realise the proceeds of a hedge.</p> <p>Increased Cost of Hedging: the Issuer and/or its affiliates would incur a materially increased cost to hedge the risk of the Issuer entering into and performing its obligations under the Notes (except where the increased cost is due to the deterioration of the creditworthiness of the Issuer and/or its affiliates).</p> <p>FX Disruption: an event which impacts on the ability of the Issuer and/or its affiliates to transfer or convert any relevant amounts in relation to its hedging arrangements.</p> <p>Jurisdictional Event: an event where, as a result of the risks (which may be political, legal or otherwise) associated with certain emerging countries, has the effect of reducing the value of the proceeds of the Issuer's hedging arrangements.</p>	<i>Equity</i>	<p>Insolvency Filing: an event which impacts on the transferability of the shares as a result of insolvency or similar proceedings affecting the share issuer.</p>
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<i>Equity, Equity Index</i>	<p>Change in law: as a result of a change in any applicable law, it has become unlawful or illegal to conduct its hedging arrangements or other related activities involving the Underlying Assets or it will incur a materially increased cost in performing its obligations under the Notes or other related activities involving the Underlying Assets.</p> <p>Hedging Disruption: an event which impacts the ability of the Issuer and/or its affiliates to hedge the risk of the Issuer entering into and performing its obligations under the Notes – for example, if the Issuer is unable to enter into a hedge or to realise the proceeds of a hedge.</p> <p>Increased Cost of Hedging: the Issuer and/or its affiliates would incur a materially increased cost to hedge the risk of the Issuer entering into and performing its obligations under the Notes (except where the increased cost is due to the deterioration of the creditworthiness of the Issuer and/or its affiliates).</p> <p>FX Disruption: an event which impacts on the ability of the Issuer and/or its affiliates to transfer or convert any relevant amounts in relation to its hedging arrangements.</p> <p>Jurisdictional Event: an event where, as a result of the risks (which may be political, legal or otherwise) associated with certain emerging countries, has the effect of reducing the value of the proceeds of the Issuer's hedging arrangements.</p>					
<i>Equity</i>	<p>Insolvency Filing: an event which impacts on the transferability of the shares as a result of insolvency or similar proceedings affecting the share issuer.</p>					
<p>Why is it necessary for the Issuer to make discretionary determination following the occurrence of such events?</p>	<p>The Issuer may be unable to continue to perform its obligations under the Notes or its related hedging arrangements or other related activities if they become or will become illegal. In that case (depending on the terms of the particular Notes), the Issuer may need to (a) adjust the terms of the Notes so that it is no longer illegal for it to perform its obligations, or (b) early redeem the Notes.</p> <p>Where the Notes are linked to one or more Underlying Assets, the investment objective of the Notes is to allow an investor to gain an economic exposure to the Underlying Asset(s). If an Underlying Asset is materially impacted by an unexpected event – for example, (a) a company merges and the original stock that formed an Underlying Asset is restructured or changed, (b) the rules of an index that is an Underlying Asset are materially modified or (c) a material change to the investment objective and strategy of a fund that is an Underlying Asset – then it may not be possible to achieve the investment objective of the Notes based on the original terms and conditions of the Notes. The Issuer will need to make certain discretionary determinations in order to preserve the original economic objective and rationale of the Notes.</p>					

	<p>In addition, the Issuer or its affiliates or the hedging entity may enter into hedging arrangements in order to manage its exposure in relation to its payment obligations under the Notes and to enable it to issue the Notes at the relevant price and on the relevant terms. If the amount(s) payable by the Issuer under the Notes depend on the performance of the Underlying Asset(s) or an interest rate, the hedging arrangements may involve (a) holding the Underlying Asset(s) directly, or (b) entering into derivative contracts with counterparties to receive a corresponding economic exposure to the Underlying Asset(s) or the relevant interest rate, or to hedge the interest rate, currency rate or price risk in relation to the Underlying Asset(s) or the Notes. The exercise of the Issuer's discretion is necessary if an external event occurs subsequent to the issuance of the Notes which negatively impacts the Issuer's hedging arrangements or the costs of maintaining such hedging arrangements. The occurrence of such unanticipated external events is unlikely to have been reflected in the original pricing of the Notes.</p>
<p>If such an event occurs, what actions can the Issuer take?</p>	<p>Broadly, depending on the terms of the Notes (and bearing in mind that different terms may apply to different types of Underlying Assets and where specified to be applicable in the relevant Pricing Supplement), the Issuer may take one or more of the following actions in order to deal with the effect of the events outlined above:</p> <p>(a) Adjustments to the terms and conditions of the Notes: The Issuer may adjust the terms and conditions of the Notes to account for the economic effect of the external event on the Underlying Asset(s) or (where applicable in relation to the particular Notes) on its hedging arrangements or other related activities involving the Underlying Assets, and to preserve the original economic objective and rationale of the Notes. This may include adjustments to the amount(s) payable and/or any variable relevant to payment under the Notes.</p> <p>(b) Substitution of the Underlying Asset(s): In respect of Share Notes, Share Basket Notes and Reverse Convertible Notes (in each case where "Share Substitution" is specified to be applicable in the relevant Pricing Supplement), following an Extraordinary Event or Additional Disruption Event (in each case as described above), the Issuer may substitute the Underlying Asset(s) with a replacement asset satisfying the criteria set out in the applicable terms and conditions. The Issuer may also make adjustments to the terms and conditions of the Notes to account for such event and the replacement of the original Underlying Asset, and to preserve the original economic objective and rationale of the Notes.</p> <p>(c) Early redemption and/or payment of the Early Redemption Amount: In certain situations, if the Issuer determines that no adjustment to the terms and conditions would lead to a commercially reasonable result or the Underlying Asset(s) cannot be replaced with a suitable substitute asset (if applicable), the Issuer may early redeem the Notes prior to their scheduled maturity by payment of an Early Redemption Amount instead of the Final Redemption Amount, as the case may be, and no other amounts shall be payable in respect of the Notes on account of interest or otherwise following such determination by the Issuer. See "<i>How is the Early Redemption Amount calculated?</i>" below.</p>
<p>How is the Early Redemption Amount calculated?</p>	<p>The Early Redemption Amount will be determined in accordance with the terms of the Notes and may be equal to:</p> <p>(a) "par" which is the outstanding principal amount of such Notes plus accrued and unpaid interest;</p> <p>(b) a sum equal to the fair market value of the Notes (which may be greater than or equal to zero), determined by the Issuer in its sole and absolute discretion (including using its internal models and methodologies, taking into account the time remaining to maturity of the Notes, the relevant interest rates, the value, expected future</p>

Overview of the Potential for Discretionary Determinations by the Issuer

	<p>performance and/or volatility of the Underlying Asset(s) (if any) and any other relevant information), taking into account any associated losses, expenses or costs that are incurred (or would be incurred) by the Issuer and/or its affiliates as a result of unwinding, establishing, re-establishing and/or adjusting any hedging arrangements in relation to the Notes, and which may include a deduction to take account of the creditworthiness of the Issuer; or</p> <p>(c) any other amount specified in or determined pursuant to the terms of the Notes.</p>
<p>What is the effect of such event and/or action taken by the Issuer?</p>	<p>Any of the above actions, if taken by the Issuer, may result in a reduced return on the Notes and/or have a material adverse impact on the value of the Notes. The Early Redemption Amount could be less than such investor's initial investment (and may be reduced to zero).</p> <p>Further, if the Notes are redeemed early prior to the scheduled maturity, an investor may be unable to reinvest the redemption proceeds in another investment at the time that provides an equivalent return.</p>
<p>Will the Issuer notify me if such an event occurs and/or if it takes any of the above actions?</p>	<p>Yes, the Issuer will generally give notice to Noteholders as soon as practicable upon making any adjustments to the terms and conditions of the Notes, or if it substitutes an Underlying Asset with a replacement asset, or if the Issuer determines to early redeem the Notes or to pay the Early Redemption Amount at maturity, or if the Issuer makes any other discretionary determination.</p>
<p>Are there any other situations where the Issuer may make discretionary determinations?</p>	<p>If the Issuer determines that a disruption event in relation to an Underlying Asset has occurred which affects the valuation of such Underlying Asset on any relevant day, the Issuer may postpone, or apply alternative provisions for, the valuation of such Underlying Asset (such as by making its own determination of the value of such Underlying Asset or using an estimate of any variable to calculate the amount(s) payable under the Notes). Such determination(s) may have an adverse effect on the value of the Notes.</p>
<p>How will the Issuer exercise its discretion?</p>	<p>In considering whether and how to make such a discretionary determination, the Issuer shall (whether or not already expressed to be the case in the Conditions) act in good faith and in a commercially reasonable manner, and (where there is a corresponding applicable regulatory obligation) shall take into account whether fair treatment is achieved by any such discretionary determination in accordance with its applicable regulatory obligations.</p>
<p>Where can I find more information?</p>	<p>See risk factors 3(h) (<i>In certain circumstances, the Issuer may redeem the Notes (other than due to a mandatory automatic early redemption event or exercise of a Call Option) prior to their scheduled maturity. The Early Redemption Amount payable on such early redemption may be less than the issue price or the purchase price and investors may therefore lose some or all of their investment and may not be able to reinvest the proceeds in another investment offering a comparable return</i>), 4(i) (<i>Jurisdictional Event</i>), 4(j) (<i>Occurrence of Additional Disruption Events</i>), 6(a)(iii) (<i>Determinations made by the Issuer in respect of Potential Adjustment Events and Extraordinary Events may have an adverse effect on the value of the Notes</i>), 6(b)(v) (<i>Occurrence of Index Adjustment Events</i>) for more information.</p>

CREDIT SUISSE INTERNATIONAL

The information provided below has been extracted from the Credit Suisse International ("CSI") Registration Document and is correct as of the date of this Listing Supplement.

Credit Suisse International

CSI was incorporated in England and Wales under the Companies Act 1985, on 9 May 1990, with registered no. 2500199, was re-registered as an unlimited company under the name "Credit Suisse Financial Products" on 6 July 1990, and was renamed "Credit Suisse First Boston International" on 27 March 2000 and "Credit Suisse International" on 16 January 2006.

CSI, a bank domiciled in England established under English law, is an indirect wholly owned subsidiary of Credit Suisse Group AG. CSI's registered head office is in London and is located at One Cabot Square, London E14 4QJ and its telephone number is +44 (0)20 7888 8888.

CSI is authorised by the Prudential Regulation Authority ("**PRA**") and regulated by the Financial Conduct Authority ("**FCA**") and the PRA.

CSI is an unlimited liability company and, as such, its shareholders have a joint, several and unlimited obligation to meet any insufficiency in the assets of CSI in the event of its liquidation. The joint, several and unlimited liability of the shareholders of CSI to meet any insufficiency in the assets of CSI will only apply upon liquidation of CSI. Therefore, prior to any liquidation of CSI, the creditors may only have the benefit of recourse to the assets of CSI and not to those of its shareholders.

CSI commenced business on 16 July 1990. Its principal business is banking, including the trading of derivative products linked to interest rates, foreign exchange, equities, commodities and credit. The primary objective of CSI is to provide comprehensive treasury and risk management derivative product services. CSI has established a significant presence in global derivative markets through offering a full range of derivative products and continues to develop new products in response to the needs of its customers and changes in underlying markets. The business is managed as a part of the Global Markets and Investment Banking and Capital Markets Divisions of Credit Suisse AG. For more information on CSI's principal markets and activities, see sub-sections "Profile" on page 8 and "Principal business areas" on page 9 of the 2017 CSI Annual Report (as defined in the CSI Registration Document), which is incorporated by reference in the CSI Registration Document.

The liquidity and capital requirements of CSI are managed as an integral part of the wider Credit Suisse framework. This includes the local regulatory liquidity and capital requirements in the UK.

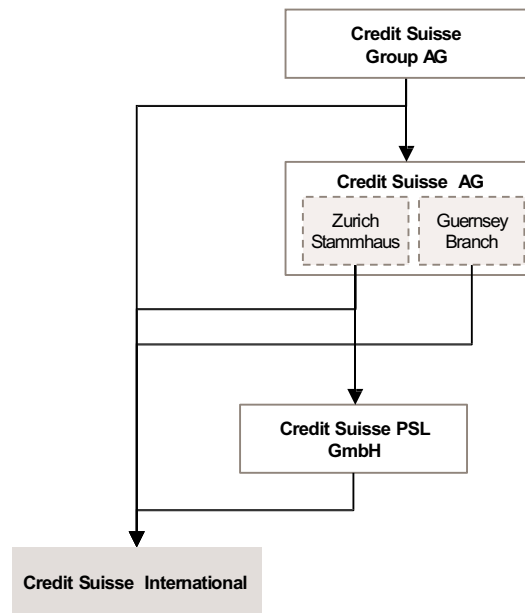
Organisational Structure

The subsidiaries of CSI which are consolidated in the financial statements contained in the 2017 CSI Annual Report (as defined in the CSI Registration Document) are listed under sub-section "Composition of the CSI Group" on pages 89 to 91 of the 2017 CSI Annual Report (as defined in the CSI Registration Document). For information on CSI's relationship to Credit Suisse Group AG, see page 8 of the 2017 CSI Annual Report (as defined in the CSI Registration Document).

Major Shareholders

The shareholders of CSI are:

- (i) Credit Suisse Group AG, whose head office is at Paradeplatz 8, CH-8001 Zürich, Switzerland, and who is the ultimate parent of the consolidated Credit Suisse Group which includes Credit Suisse AG;
- (ii) Credit Suisse AG, a Swiss bank and a leading global bank acting through its registered head office at Paradeplatz 8, CH-8001 Zürich, Switzerland (Zürich Stammhaus) which provides its clients with private banking, investment banking and asset management services worldwide;
- (iii) Credit Suisse AG, Guernsey Branch, whose place of business is at Helvetia Court, Les Echelons, South Esplanade, St Peter Port GY1 3ZQ, Guernsey was established as a Branch of Credit Suisse AG on 1 April 1986 and whose principal activities are deposit taking, bond issuing and lending the funds received within the Credit Suisse Group; and
- (iv) Credit Suisse PSL GmbH, whose registered office is c/o Credit Suisse AG, Paradeplatz 8, CH-8001 Zürich, Switzerland and was incorporated in Zürich, Switzerland on 29 September 2009 and whose principal activity is to finance, purchase, hold, manage and sell financial participations in other Credit Suisse Group companies.



There is trading of shares in CSi between these shareholders and therefore the respective shareholdings will change from time to time, although CSi will remain an indirect wholly owned subsidiary of Credit Suisse Group AG.

Material Adverse Change and Significant Change

There has been no significant change in the financial position of CSi and its consolidated subsidiaries since 31 December 2017.

There has been no material adverse change in the prospects of CSi and its consolidated subsidiaries since 31 December 2017.

See pages 12 and 131 to 143 of the 2017 CSi Annual Report, and the "Risk Factors" section of this Listing Supplement that together disclose the principal risks to CSi.

Please see "Operating Environment" on pages 54 to 56 of the Credit Suisse Group AG Annual Report 2017 and "Economic environment" on pages 9 to 10 of the 2017 CSi Annual Report for information relating to the economic environment that may affect the future results of operations or financial condition of Credit Suisse Group AG and its consolidated subsidiaries, including CSi.

Names and Addresses of Directors and Executives

The business address of the members of the Board of Directors is One Cabot Square, London E14 4QJ.

The current members of the Board of Directors, their role within CSi and their principal activities outside CSi, if any, are as follows:

Board Member	External Activities
Noreen Doyle (Non- Executive Chair)	<ul style="list-style-type: none"> • Independent member and Chair of the Board of Directors, the Nomination and the Advisory Remuneration Committee, independent member of the Risk Committee of CSi and Credit Suisse Securities (Europe) Limited. • Ms. Doyle is also: <ul style="list-style-type: none"> • Chair of the Board of Directors, Chair of the Corporate Governance and Nominating Committee and of the Executive-Finance Committee and Member of the Safety & Sustainability Committee of Newmont Mining Corporation.
Paul Ingram	<ul style="list-style-type: none"> ○ Managing Director in the CRO division of CSi. • Mr. Ingram is also Chief Risk Officer of CSi and Credit Suisse Securities (Europe) Ltd.

	<ul style="list-style-type: none"> • Member of the Board of Directors of Credit Suisse Securities (Europe) Limited.
Christopher Horne	<ul style="list-style-type: none"> ○ Managing Director in the CFO division and Chair of the Disclosure Committee of CSi. ○ Mr. Horne is also Deputy CEO of CSi and Credit Suisse Securities (Europe) Ltd. ○ Member of the Board of Directors of Credit Suisse Securities (Europe) Limited, Credit Suisse Investment Holdings (UK) and Credit Suisse Investments (UK).
Alison Halsey (Non-Executive)	<ul style="list-style-type: none"> ○ Independent member of the Board of Directors, Chair of the Audit and the Conflicts Committee and Member of the Risk and the Nomination Committee of CSi and Credit Suisse Securities (Europe) Limited. ○ Ms. Halsey is also: <ul style="list-style-type: none"> ▪ Non-executive Director and Member of the Risk, Compliance and Nominations Committees and Chair of the Audit Committee of Aon UK Limited.
David Mathers (CEO)	<ul style="list-style-type: none"> ○ Managing Director in the CFO division of Credit Suisse AG. ○ Mr. Mathers is also CEO of CSi and Credit Suisse Securities (Europe) Ltd and CFO of Credit Suisse AG. ○ Member of the Board of Directors of Credit Suisse Securities (Europe) Limited.
Robert Endersby (Non-Executive)	<ul style="list-style-type: none"> ○ Independent member of the Board of Directors, Chair of the Risk Committee and Member of the Audit, the Advisory Remuneration and the Conflicts Committee of CSi and Credit Suisse Securities (Europe) Limited. ○ Mr. Endersby is also Non-executive Director, Chair of Risk Committee, Member of Audit Committee, Remuneration Committee and Disclosure Committee of Tesco Personal Finance Group Limited and Tesco Personal Finance Plc.
Caroline Waddington	<ul style="list-style-type: none"> ○ Managing Director in the CFO division of CSi. ○ Ms. Waddington is also Regional CFO for Credit Suisse UK Regulated Entities including CSi and Chair of the UK Pension Committee. ○ Member of the Board of Directors of Credit Suisse Securities (Europe) Limited and a Member of the Board of Directors of Credit Suisse Investment Holdings (UK) and Credit Suisse Investments (UK). ○ Ms. Waddington is a member of the Board of Directors of: <ul style="list-style-type: none"> ▪ NameCo (No. 357) Limited; ▪ Roffey Park Institute Limited; and ▪ Brook House (Clapham Common) Management Company Limited.
John Devine (Non-Executive)	<ul style="list-style-type: none"> ○ Independent member of the Board of Directors, the Audit, the Nomination and the Conflicts Committee of CSi and Credit Suisse Securities (Europe) Limited. ○ Mr. Devine is also: <ul style="list-style-type: none"> ▪ Non-Executive Director, Chair of Audit Committee, Member of Risk Committee and Remuneration Committee of Standard Life Aberdeen PLC; and ▪ Non-Executive Director, Chair of Audit Committee, Member of Risk Committee and Nominations Committee of Citco Custody (UK) Ltd and Citco Custody Holding Ltd Malta.
Jonathan Moore	<ul style="list-style-type: none"> ○ Managing Director in the Fixed Income Department within the Investment Banking Division of CSi. ○ Mr Moore is also Co-Head of Global Credit Products in EMEA and Head of EMEA Credit Trading and Global Derivatives.

	<ul style="list-style-type: none"> o Member of the Board of Directors of Credit Suisse Securities (Europe) Limited.
Michael Dilorio	<ul style="list-style-type: none"> o Managing Director in the Global Markets division of CSI. o Mr Dilorio is also Head of EMEA Equities which includes Cash Equities, Syndicate, Convertibles, Prime Services and Equity Derivatives. o Member of the Board of Directors of Credit Suisse Securities (Europe) Limited.
Andreas Gottschling (Non-Executive)	<ul style="list-style-type: none"> o Independent member of the Board of Directors, the Risk Committee and Advisory Remuneration Committee of CSI and Credit Suisse Securities (Europe) Limited. o Mr. Gottschling is also a member of the Board of Directors and the Risk Committee of Credit Suisse AG and Credit Suisse Group AG.

Pages 1 to 9 and 27 to 28 of the 2017 CSI Annual Report provide further information on CSI's Board of Directors.

Directors' Conflicts of Interest

There are no potential conflicts of interest of the members of the Board of Directors between their duties to CSI and their private interests and/or other duties. Potential conflicts of interest of members of the Board of Directors due to roles held with Credit Suisse Group AG / Credit Suisse AG are managed by a Board Conflicts Committee and Conflicts Management Framework.

Legal and Arbitration Proceedings

During the period of 12 months ending on the date of this Listing Supplement there have been no governmental, legal or arbitration proceedings which may have, or have had in the past, significant effects on the financial position or profitability of CSI, and CSI is not aware of any such proceedings being either pending or threatened, except as disclosed in the 2017 CSI Annual Report (under the heading Contingent Liabilities and Other Commitments on page 89) and below:

- CSI is the defendant in German court litigation brought by Stadtwerke Munchen GmbH, a German water utility company (the "**claimant**"). The litigation relates to a series of interest rate swaps entered into between 2008 and 2012. The claimant alleges breach of an advisory duty to provide both investor- and investment-specific advice, including in particular a duty to disclose the initial mark-to-market value of the trades at inception. The claimant seeks damages of EUR 58 million, repayment of EUR 85 million of collateral held by CSI and release from all future obligations under the trades. Witness hearings took place in June – October 2017 and January 2018. A further hearing has been scheduled for April 2018.
- Credit Suisse is responding to requests from regulatory and enforcement authorities related to Credit Suisse's arrangement of loan financing to Mozambique state enterprises, Proindicus S.A. and Empresa Mocambicana de Atum S.A. (EMATUM), a distribution to private investors of loan participation notes (LPN) related to the EMATUM financing in September 2013, and Credit Suisse's subsequent role in arranging the exchange of those LPNs for Eurobonds issued by the Republic of Mozambique. Credit Suisse has been cooperating with the authorities on this matter.

Provision for litigation is disclosed in Note 26 to the consolidated financial statements on page 70 of the 2017 CSI Annual Report.

Auditor

CSI's auditor is KPMG LLP, 15 Canada Square, London E14 5GL. KPMG LLP is registered to carry out audit work by the Institute of Chartered Accountants in England and Wales.

Further information on CSI's auditor may be found on pages 28 to 33 of the 2017 CSI Annual Report (as defined in the CSI Registration Document).

Financial Information

Financial information relating to CSI is contained in its Annual Reports for the years ended 31 December 2016 and 31 December 2017 (the "**CSI Annual Reports**") which are incorporated by reference in the CSI Registration Document. Financial information in the CSI Annual Reports has been audited. CSI's Annual Reports are available to the public on the Credit Suisse Group AG website at <https://www.credit->

[suisse.com/ch/en/investment-banking/financial-regulatory/international.html](https://www.credit-suisse.com/ch/en/investment-banking/financial-regulatory/international.html).

TAXATION

The following supersedes the section entitled "United States Taxation for Non U.S. Investors" in the "Taxation" section in the Programme Memorandum.

UNITED STATES

The following is a summary of certain of the material U.S. federal income tax consequences of the acquisition, ownership and disposition of Notes by a "**Non-U.S. Holder**" (as defined below) that has no connection with the United States other than owning Notes. For purposes of this section, a Non-U.S. Holder means a beneficial owner of the Notes that for U.S. federal income tax purposes is a non-resident alien individual, a foreign corporation or a foreign estate or trust. If a partnership (including any entity treated as a partnership for U.S. federal income tax purposes) holds Notes, the tax treatment of a partner generally will depend on the status of the partner and upon the activities of the partnership. Prospective purchasers that are partnerships should consult their tax advisors regarding the tax consequences to their partners of an investment in the Notes.

This summary is based on interpretations of the United States Internal Revenue Code of 1986 (the "**Code**"), Treasury regulations issued thereunder, and rulings and decisions currently in effect (or in some cases proposed), all of which are subject to change. Any of those changes may be applied retroactively and may adversely affect the U.S. federal income tax consequences described herein. Investors considering the purchase of Notes should consult their own tax advisors concerning the application of U.S. federal income tax laws to their particular situations as well as any consequences of the purchase, beneficial ownership and disposition of Notes arising under the laws of any other taxing jurisdiction.

INVESTORS SHOULD CONSULT THEIR TAX ADVISORS AS TO THE U.S. FEDERAL, STATE, LOCAL, AND OTHER TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF NOTES.

U.S. Foreign Account Tax Compliance Act

Under certain provisions of the "Hiring Incentives to Restore Employment Act," generally referred to as "FATCA," and regulations thereunder, a 30% withholding tax is imposed on "withholdable payments" and certain "passthru payments" made to "foreign financial institutions" (as defined in the regulations or an applicable intergovernmental agreement) (and their more than 50% affiliates) unless the payee foreign financial institution agrees, among other things, to disclose the identity of any U.S. individual with an account at the institution (or the institution's affiliates) and to annually report certain information about such account. The term "withholdable payments" generally includes (1) payments of fixed or determinable annual or periodical gains, profits, and income ("**FDAP**"), in each case, from sources within the United States, and (2) gross proceeds from the sale of any property of a type which can produce interest or dividends from sources within the United States. "Passthru payments" means any withholdable payment and any foreign passthru payment. To avoid becoming subject to the 30% withholding tax on payments to it, a financial institution may be required to report information to the IRS regarding the holders of the Notes. In the case of holders who (i) fail to provide the relevant information, (ii) are foreign financial institutions who have not agreed to comply with these information reporting requirements, or (iii) hold the Notes directly or indirectly through such noncompliant foreign financial institutions, a payor may be required to withhold on a portion of payments under the Notes.

FATCA also requires withholding agents making withholdable payments to certain foreign entities that do not disclose the name, address, and taxpayer identification number of any substantial U.S. owners (or certify that they do not have any substantial U.S. owners) to withhold tax at a rate of 30%. If payments on the Notes are determined to be from sources within the United States, such payments will be treated as withholdable payments for these purposes. Withholding under FATCA will apply to all withholdable payments and certain passthru payments without regard to whether the beneficial owner of the payment is a U.S. person, or would otherwise be entitled to an exemption from the imposition of withholding tax pursuant to an applicable tax treaty with the United States or pursuant to U.S. domestic law. Unless a foreign financial institution is the beneficial owner of a payment, it will be subject to refund or credit in accordance with the same procedures and limitations applicable to other taxes withheld on FDAP payments provided that the beneficial owner of the payment furnishes such information as the IRS determines is necessary to determine whether such beneficial owner is a U.S.-owned foreign entity and the identity of any substantial U.S. owners of such entity. If such withholding applies, the Issuer will not be required to pay any additional amounts with respect to amounts withheld.

Subject to the exceptions described below, FATCA's withholding regime generally applies or will apply to (i) withholdable payments; (ii) payments of gross proceeds from a sale or disposition of property of a type that can produce U.S. source interest or dividends occurring after December 31, 2018; and (iii) foreign passthru payments made after the later of December 31, 2018, or the date that final regulations defining the term

"foreign passthru payment" are published. Notwithstanding the foregoing, the provisions of FATCA discussed above generally will not apply to any obligation (other than an instrument that is treated as equity for U.S. tax purposes or that lacks a stated expiration or term) that is outstanding on June 30, 2014 (a "**grandfathered obligation**"), unless the obligation is materially modified after such date. If a Non-U.S. Holder holds its Notes through a foreign financial institution or foreign entity, a portion of any of such Non-U.S. Holder's payments may be subject to 30% withholding. The Issuer will not be required to pay any additional amounts with respect to amounts withheld.

Substitute Dividend and Dividend Equivalent Payments

The Code and regulations thereunder treat a "dividend equivalent" payment as a dividend from sources within the United States. Such payments generally will be subject to U.S. withholding tax at a rate of 30%. A "dividend equivalent" payment is defined under the Code as (i) a substitute dividend payment made pursuant to a securities lending or a sale-repurchase transaction that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, (ii) a payment made pursuant to a "specified notional principal contract" (a "specified NPC") that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, and (iii) any other payment determined by the IRS to be substantially similar to a payment described in the preceding clauses (i) and (ii).

Final regulations provide that a dividend equivalent is any payment or deemed payment that references the payment of (i) a dividend from an underlying security pursuant to a securities lending or sale-repurchase transaction, (ii) a dividend from an underlying security pursuant to a specified NPC, (iii) a dividend from an underlying security pursuant to a specified equity-linked instrument (a "**specified ELI**"), and (iv) any other substantially similar payment. The regulations provide that a payment includes a dividend equivalent payment whether there is an explicit or implicit reference to a dividend with respect to the underlying security. An underlying security is any interest in an entity if a payment with respect to that interest could give rise to a U.S. source dividend pursuant to Treasury regulation section 1.861-3. An NPC is a notional principal contract as defined in Treasury regulation section 1.446-3(c). An equity-linked instrument ("**ELI**") is a financial instrument (other than a securities lending or sale-repurchase transaction or an NPC) that references the value of one or more underlying securities, including a futures contract, forward contract, option, debt instrument, or other contractual arrangement. A "section 871(m) transaction" is any securities lending or sale-repurchase transaction, specified NPC, or specified ELI.

For any payment made on or after January 1, 2017 with respect to any transaction issued on or after January 1, 2017 and before January 1, 2019, any NPC or ELI that has a delta of one with respect to an underlying security when the NPC or ELI is issued is a specified NPC or specified ELI, respectively. For any payment made on or after January 1, 2019 with respect to any transaction issued on or after January 1, 2019, (a) a "simple" NPC or "simple" ELI that has a delta of 0.8 or greater with respect to an underlying security when the NPC or ELI is issued is a specified NPC or specified ELI, respectively, and (b) a "complex" NPC or "complex" ELI that meets a substantial equivalence test with respect to an underlying security at the time of issuance is a specified NPC or specified ELI, respectively. The delta of a simple contract is determined, and the substantial equivalence test for a complex contract is performed, on the earlier of the date that the potential section 871(m) transaction is priced and the date when the potential section 871(m) transaction is issued; however, the issue date must be used if the potential section 871(m) transaction is priced more than 14 calendar days before it is issued. In addition, the delta or substantial equivalence of Notes that are held in inventory prior to their sale to an investor may, in certain cases, be required to be retested at the time of sale or disposition from inventory. If Notes sold from inventory are determined to be section 871(m) transactions and the same series of Notes sold at issuance were determined not to be section 871(m) transactions, holders of Notes sold at issuance may be adversely affected to the extent the Issuer or a withholding agent does not, or is unable to, identify and distinguish Notes sold to investors at issuance from those sold out of inventory.

Certain events could cause previously issued Notes to be deemed to be issued as new Notes for purposes of the effective dates provided in the regulations. For example, it is possible that the IRS could assert that a reconstitution or rebalancing of an underlying index or a basket of Notes is a significant modification of the Notes due to an exercise of discretion with respect to such reconstitution or rebalancing and, therefore, a deemed issuance of the Notes upon the occurrence of such event. It is also possible that U.S. withholding tax could apply to the Notes under these rules if a holder enters, or has entered, into certain other transactions in respect of the underlying equity or the Notes. A holder that enters, or has entered, into other transactions in respect of the underlying or the Notes should consult its own tax advisor regarding the application of section 871(m) to its Notes in the context of its other transactions.

Withholding on payments will be based on actual dividends or, if otherwise notified by the Issuer in accordance with applicable regulations, on estimated dividends used in pricing the Security. If a Security provides for any payments in addition to estimated dividends to reflect dividend amounts on the underlying security, withholding will be based on the total payments. If an issue of Notes is a section 871(m) transaction, information regarding the amount of each dividend equivalent, the delta of the potential 871(m) transaction,

the amount of any tax withheld and deposited, the estimated dividend amount and any other information necessary to apply the regulations in respect of such Notes will be provided, communicated, or made available to holders of the Notes in a manner permitted by the applicable regulations. Withholding tax may apply even where holders do not receive a concurrent payment on the Notes in respect of dividends on the underlying. U.S. tax will be withheld on any portion of a payment or deemed payment (including, if appropriate, the payment of the purchase price) that is a dividend equivalent.

If withholding applies, the rate of any withholding may not be reduced even if the holder is otherwise eligible for a reduction under an applicable treaty, although holders that are entitled to a lower rate of withholding under a tax treaty may be able to claim a refund for any excess amounts withheld by filing a U.S. tax return. However, holders may not receive the necessary information to properly claim a refund for any withholding in excess of the applicable treaty-based amount. In addition, the IRS may not credit a holder with withholding taxes remitted in respect of its Security for purposes of claiming a refund. Finally, a holder's resident tax jurisdiction may not permit the holder to take a credit for U.S. withholding taxes related to the dividend equivalent amount. The Issuer will not pay any additional amounts with respect to amounts withheld.

The relevant Pricing Supplement may indicate if the Issuer has determined that the Notes are transactions subject to withholding under section 871(m). Although the Issuer's determination generally is binding on holders, it is not binding on the IRS. The IRS may successfully argue that the Notes are subject to withholding under section 871(m), notwithstanding the Issuer's determination to the contrary. These regulations are extremely complex. Non-U.S. Holders should consult their tax advisors regarding the U.S. federal income tax consequences to them of these regulations and whether payments or deemed payments on the Notes constitute dividend equivalent payments.

Foreign Investment in U.S. Real Property

A Non-U.S. Holder may be subject to U.S. federal income tax on a disposition of a "U.S. real property interest" as defined in Treasury Regulations section 1.897-1(c) (a "**USRPI**"). Any gain on such disposition is treated as effectively connected with a U.S. trade or business of the non-U.S. holder and is subject to tax and withholding on the amount realized on the disposition. A USRPI may consist of a direct interest in U.S. real property or an interest in a United States real property holding corporation (a "**USRPHC**") within the meaning of section 897 of the Code. However, an interest in a USRPHC that does not exceed generally 5% of the corporation's regularly traded stock is not a USRPI.

Thus, a Non-U.S. Holder who owns directly, indirectly or constructively, shares of any of the underlying that are considered to be a USRPI, or other interests having a return based on the appreciation in the value of, or in the gross or net proceeds or profits generated by, such underlying, may be subject to U.S. federal income tax on the sale or exchange of the Notes if such Non-U.S. Holder owns more than generally 5% of the shares of such underlying when considering the shares or interests of such underlying that are directly, indirectly or constructively owned by such Non-U.S. Holder. Ownership of the Notes may also impact the taxation of such other shares or interests.

The Issuer does not intend to determine whether the issuer of shares in any underlying is a USRPHC. It is possible that the issuer of shares in an underlying is a USRPHC, and that the Notes constitute an ownership interest in or an option on a USRPI, with the consequences described above. It is also possible that the issuer of shares in such underlying is not a USRPHC. In making its investment decision, a Non-U.S. Holder should be prepared to accept the tax treatment that results from either the underlying being treated as a USRPI or from the underlying not being a USRPI.

Each Non-U.S. Holder, in connection with acquiring the Notes, is deemed to represent that it does not own, and will not own, more than 5% of the shares of each of the underlying that is considered to be a USRPHC, either directly, indirectly or constructively. The Issuer and any withholding agent will rely on the accuracy of this representation. For purposes of this discussion, any interest other than solely as a creditor within the meaning of Treasury Regulations Section 1.897-1(d) shall be treated as ownership of shares of the underlying. Even if the Issuer does not withhold, there can be no assurances that an intermediary withholding agent will not withhold in respect of a Security. Further, holders may have U.S. income tax liability that exceeds amounts withheld, if any. The Issuer will not make any additional payments for any amounts withheld or tax liability arising under section 897 of the Code.

Holders should consult their own tax advisors on the impact of other shares or interests in the underlying, the impact of ownership of the Notes on such other shares or interests, and the consequences of making the representation in the preceding paragraph.

U.S. Federal Estate Tax Treatment

A Security may be subject to U.S. federal estate tax if an individual holds the Security at the time of his or her death. The gross estate of a Non-U.S. Holder domiciled outside the United States includes only property situated in the United States. Holders should consult their tax advisors regarding the U.S. federal estate tax

consequences of holding the Notes at death.

Backup Withholding and Information Reporting

A Non-U.S. Holder of the Notes may be subject to backup withholding with respect to certain amounts paid to such holder unless it provides a correct taxpayer identification number, complies with certain certification procedures establishing that it is not a U.S. person or establishes proof of another applicable exemption, and otherwise complies with applicable requirements of the backup withholding rules. Backup withholding is not an additional tax. A Non-U.S. Holder can claim a credit against its U.S. federal income tax liability for amounts withheld under the backup withholding rules, and amounts in excess of its liability are refundable if such holder provides the required information to the IRS in a timely fashion. A Non-U.S. Holder of the Notes may also be subject to information reporting to the IRS with respect to certain amounts paid to such holder unless it (1) provides a properly executed IRS Form W-8 (or other qualifying documentation) or (2) otherwise establishes a basis for exemption. If such withholding applies, the Issuer will not be required to pay any additional amounts with respect to amounts withheld.

OFFERS

An investor intending to acquire or acquiring any Notes from any person (an "**Offeror**") will do so, and offers and sales of the Notes to an investor by an Offeror will be made, in accordance with any terms and other arrangements in place between such Offeror and such investor including as to price, allocations and settlement arrangements. Neither the Issuer nor the Dealer will be a party to any such arrangements with investors (except where the Issuer or the Dealer is itself the relevant Offeror) and, accordingly, this Listing Supplement and any relevant Pricing Supplement may not contain such information and, in such case, an investor must obtain such information from the relevant Offeror.

ANNEX (PROGRAMME MEMORANDUM)

Credit Suisse AG, acting through its London Branch

and

Credit Suisse International
as Issuers

Unlisted Securities Programme

Under its Unlisted Securities Programme, as described in this Programme Memorandum (the "**Programme**"), Credit Suisse AG, acting through its London Branch and Credit Suisse International (together the "**Issuers**", and each an "**Issuer**") may from time to time issue notes (the "**Notes**"), certificates (the "**Certificates**") or warrants (the "**Warrants**"). Notes, Certificates and Warrants shall be referred to collectively as "**Securities**" herein. The Securities will be subject to the applicable general terms and conditions set out in this Programme Memorandum as may (but need not) be supplemented and/or modified by the terms set out in the product supplement relating to the particular type of Security (each a "**Product Supplement**") and on the terms set out in a pricing supplement specific to a particular issue of Securities (each a "**Pricing Supplement**").

Each Pricing Supplement will contain information in respect of Securities of the relevant Series (as defined herein) (and distinguish between different Tranches (as defined herein) of the relevant Series where applicable).

Securities issued under this Programme will not be listed on any stock exchange.

Restrictions have been imposed on offers and sales of the Securities and on the distribution of documents relating thereto in the United States of America, the United Kingdom, the European Economic Area, France, Hong Kong, Italy, Luxembourg, and Singapore. The distribution of this document and offers and sales of the Securities in certain other jurisdictions may be restricted by law. Persons into whose possession this document comes are required by the Issuers to inform themselves about, and to observe, any such restrictions. See "Sale and Subscription".

See "Investment Considerations" for certain considerations relating to an investment in Securities.

Programme Memorandum dated 17 June 2011

The attention of prospective purchasers of Securities is drawn to "Investment Considerations" on page 7 of this Programme Memorandum, together with any "Investment Considerations" set out in the relevant Pricing Supplement. Any prospective purchaser should conduct its own investigation into the Securities, including the underlying share, equity index, inflation index, commodity (or commodity index), exchange rate, basket of any combination of the foregoing or other asset, rate or variable (as the case may be) to which the Securities are linked and, in deciding whether or not to purchase the Securities, should form its own view of the merits of such an investment based upon such investigations.

This Programme Memorandum does not constitute an offer of Securities, and may not be used for the purposes of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised, or to any person to whom it is unlawful to make such offer or solicitation and no action is being taken to permit an offering of Securities or the distribution of this Programme Memorandum in any jurisdiction where any such action is required except as specified in the relevant Pricing Supplement.

The distribution of this Programme Memorandum and the offering of the Securities in certain jurisdictions may be restricted by law. Persons into whose possession this Programme Memorandum comes are required by the Issuers to inform themselves about, and to observe, any such restrictions.

The Securities have not been and will not be registered under the Securities Act of 1933 of the United States of America, as amended, (the "**Securities Act**"). Subject to certain exceptions, the Securities may not be offered, sold or delivered within the United States of America or to U.S. persons. See "Sale and Subscription". Terms used in this paragraph and not otherwise defined have the meanings given to them by Regulation S under the Securities Act.

In the context of the initial placement of the Securities, sales may result in the payment of commissions or other benefits for investors.

TABLE OF CONTENTS

	Page
SUMMARY OF THE PROGRAMME	4
INVESTMENT CONSIDERATIONS	8
GENERAL TERMS AND CONDITIONS OF THE NOTES	12
1. Form, Denomination and Title	13
2. Transfers of Registered Notes	14
3. Status	14
4. Interest and other Calculations	14
5. Redemption, Purchase and Option	20
6. Payments	22
7. Taxation	24
8. Prescription	24
9. Events of Default	24
10. Meeting of Noteholders and Modifications	25
11. Further Issues	26
12. Notices	26
13. Calculations and Determinations	26
14. Substitution of the Issuer	26
15. Third Parties	27
16. Miscellaneous Definitions	27
17. Governing Law and Jurisdiction	27
FORM OF PRICING SUPPLEMENT FOR NOTES	29
SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM	42
GENERAL TERMS AND CONDITIONS OF THE CERTIFICATES	44
FORM OF PRICING SUPPLEMENT FOR CERTIFICATES	51
GENERAL TERMS AND CONDITIONS OF THE WARRANTS	58
FORM OF PRICING SUPPLEMENT FOR WARRANTS	66
TAXATION	75
SALE AND SUBSCRIPTION	82
GENERAL INFORMATION	87

SUMMARY OF THE PROGRAMME

The following summary is qualified in its entirety by the remainder of this Programme Memorandum. Capitalised terms used but not defined in this summary shall have the meanings given to them elsewhere in this Programme Memorandum.

Issuers:	<p><i>Credit Suisse AG, acting through its London Branch ("CS").</i> Information on CS is provided in CS's registration document, the most recent version of which is available at the offices of any of the Fiscal Agent, Principal Certificate Agent or Principal Warrant Agent.</p> <p><i>Credit Suisse International ("CSI").</i> Information on CSI is provided in CSI's registration document, the most recent version of which is available at the offices or any of the Fiscal Agent, Principal Certificate Agent or Principal Warrant Agent.</p>
Description:	Programme for the issue of Notes, Certificates and Warrants
Dealers and Selling Agents:	The Issuer may from time to time appoint one or more dealers and/or selling agents in respect of one or more Series including, for example, CSI. Any such appointment will be made pursuant to an agreement to be entered into in respect of the relevant Series between the Issuer and the relevant Dealer and/or Selling Agent. References in this Programme Memorandum to "Dealers" and "Selling Agents" are to all persons appointed as a dealer or selling agent, respectively, for one or more Series.
Fiscal Agent and Principal Certificate Agent:	Citibank Europe plc
Principal Warrant Agent:	Citigroup Global Markets Deutschland AG & Co. KGaA
Calculation Agent:	CSI
Description of the Securities and potential Underlying Assets:	The amount payable or, where Physical Settlement is specified to be applicable in the relevant Pricing Supplement, deliverable, in respect of the Securities may be linked to the performance or valuation of one or more shares, equity indices, inflation indices, commodities (or commodity indices), exchange rates, exchange rate indices, basket of any combination of the foregoing and/or other assets, rates or variables as the case may be and as specified in the relevant Pricing Supplement (the " Underlying Asset(s) ").
Notes:	<p>The Notes are debt securities issued by the Issuer. The currency of denomination, the denomination and the maturity date will be specified in the Pricing Supplement.</p> <p>The amount payable or, where Physical Settlement is specified to be applicable in the relevant Pricing Supplement, deliverable, on the Maturity Date shall be as specified in the relevant Pricing Supplement. The amount due on the Maturity Date may be an amount calculated by reference to one or more Underlying Assets or, where Physical Settlement is not specified to be applicable, or unless otherwise specified in the relevant Pricing Supplement, the outstanding principal amount. Unless redeemed by instalments (if so specified in the Pricing Supplement) the Notes will be redeemed on the Maturity Date specified in the Pricing Supplement and may not (unless otherwise specified in the Pricing Supplement) be redeemed before then except for</p>

reasons of default by the Issuer or the illegality of the Issuer's payment obligations or hedging arrangements or following certain events in relation to Underlying Assets.

The Notes may bear interest and/or premium at a fixed rate or at different fixed rates for different periods or may bear interest at one or more fixed rates followed by a period in which they bear a floating rate of interest or may bear a floating rate of interest throughout the term of the Notes. Alternatively, they may bear no interest and/or premium. In the case of floating rate interest, the rate will be reset periodically by reference to a reference rate specified in the Pricing Supplement and may be at such rates or at a margin above or below such rates and may be subject to one or more maximum and/or minimum rates of interest and/or premium, all as specified in the Pricing Supplement.

Certificates:

Certificates entitle the holder to payment or, where Physical Settlement is specified to be applicable in the relevant Pricing Supplement, to delivery on the Redemption Date of the Redemption Amount and may be linked to the level or price of one or more Underlying Assets. If so specified in the Pricing Supplement, there may also be interim payments and/or mandatory early redemption and/or redemption at the option of the Issuer and/or the holders. Otherwise they may only be redeemed before the Redemption Date for reasons of illegality of the Issuer's payment obligations or hedging arrangements or following certain events in relation to Underlying Assets.

Warrants:

Warrants entitle the holder to payment, or where Physical Settlement is specified to be applicable in the relevant Pricing Supplement, to delivery of a Settlement Amount either following the Expiration Date (in the case of European style Warrants) or the relevant Exercise Date (in the case of American style Warrants). The Settlement Amount will be linked to the level or price of one or more Underlying Assets, unless otherwise specified in the relevant Pricing Supplement. They may only be redeemed before the Expiration Date for reasons of illegality of the Issuer's payment obligations or hedging arrangements or following certain events in relation to Underlying Assets.

Redemption Amount or Settlement Amount:

The calculation of the Redemption Amount (in respect of Notes and Certificates) or the Settlement Amount (in respect of Warrants) will be set out in the relevant Pricing Supplement.

If Physical Settlement is specified to be applicable in the relevant Pricing Supplement, the Issuer shall, in accordance with the provisions as set out in the relevant Pricing Supplement, discharge its payment obligation by delivery of an amount of the specified Underlying Asset.

Maturity

Such maturity as specified in the relevant Pricing Supplement, subject, in relation to specific currencies, to compliance with applicable legal and/or regulatory and/or central bank requirements and provided that no Securities shall be issued hereunder with a scheduled maturity falling after 31 December 2012.

Early Redemption:

If so specified in the relevant Pricing Supplement, the Issuer may redeem Securities early, in accordance with such provisions as are set out in the relevant Pricing Supplement.

Adjustments, Early Redemption or Substitution:	The terms and conditions of the Securities contain provisions dealing with non-business days, disruptions, adjustments, and illegality events which may affect the Underlying Assets and/or the Securities and the timing and calculation of payments and may result in the Securities being redeemed earlier than they might otherwise be redeemed and/or adjustments being made to the terms and conditions thereof. They also allow for the possibility of the substitution of the Issuer without the consent of the Securityholders with an affiliate of the Issuer provided that such affiliate has, or is guaranteed by an affiliate which has, a long-term unsecured debt rating equal to or higher than that of the Issuer.
Form of Securities:	<p>Each Series of Notes may be issued in bearer form ("Bearer Notes") or in registered form ("Registered Notes"). Each Tranche of Bearer Notes will be represented on issue by a Permanent Global Note. Registered Notes that are held by or on behalf of one or more Clearing Systems will be represented by a Global Certificate. Certificates in respect of Registered Notes will not otherwise be issued. A Permanent Global Note will be exchangeable for Notes in definitive form at the request of the Holder.</p> <p>Each Series of Certificates will be represented by a Global Certificate which will be held on behalf of the Central Clearing Systems. Certificates will not be issued in definitive form.</p> <p>Each Series of Warrants will be represented by a Global Warrant which will be held on behalf of the Central Clearing Systems. Warrants will not be issued in definitive form.</p>
Clearing Systems:	Clearstream, Luxembourg and Euroclear (the " Central Clearing Systems " or the " Clearing Systems ") and, in relation to any Series, such other clearing system as may be specified in the relevant Pricing Supplement.
Increase in Issue Size:	In respect of any Series of Securities, the Issuer may from time to time without the consent of the Securityholders create and issue further Securities having the same terms and conditions as the Securities of such Series.
Transfer:	<p>The transfer of Certificates and Warrants may only be effected through an account at the relevant Clearing System.</p> <p>The transfer of Registered Notes may only be effected through the delivery of a duly completed form of transfer to the Registrar or any Transfer Agent.</p>
Status of Securities:	The Securities will constitute unsubordinated and unsecured obligations of the Issuer as described in the section of the General Terms and Conditions of the relevant Securities entitled "Status".
Taxation:	All payments will be made subject to all applicable taxes, and the Issuer shall not pay additional amounts should withholding tax become payable on the Securities. See the section of the applicable General Terms and Conditions entitled "Taxation".
Governing Law:	English law.

Listing:

Securities will not be listed on any stock exchange.

INVESTMENT CONSIDERATIONS

The purchase of Securities involves complex risks and is suitable only for prospective purchasers who have such knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and the merits of an investment in Securities. Before making an investment decision, a prospective purchaser of Securities should consider carefully, in the light of its own financial circumstances and investment objectives, all the information set out or incorporated by reference in this Programme Memorandum, (if applicable) the relevant Product Supplement and the relevant Pricing Supplement and, in particular, the considerations set out below and the specific further investment considerations (if any) set out in the relevant Pricing Supplement. The Investment Considerations set forth below should also be read in conjunction with the "Risk Factors" set forth in the relevant Issuer's registration document.

Credit Risk

Securities are obligations of the relevant Issuer. Securityholders are exposed to the credit risk of the relevant Issuer.

Limited Liquidity

There can be no assurance that a secondary market for any of the Securities will develop, or, if a secondary market does develop, that it will provide the holders of the Securities with liquidity or that it will continue for the life of the Securities. A decrease in the liquidity of an issue of Securities may cause, in turn, an increase in the volatility associated with the price of such issue of Securities. Illiquidity may have a severely adverse effect on the market value of Securities.

Any investor in the Securities must be prepared to hold such Securities for an indefinite period of time or until redemption or expiry of the Securities. The relevant Issuer may, but is not obliged to, purchase Securities at any time at any price in the open market or by tender or private treaty and may hold, resell or cancel them. The market for Securities may be limited. The only way in which a holder can realise value from a Security prior to its maturity or expiry (other than in the case of an American style Warrant) is to sell it at its then market price in the market which may be less than the amount initially invested. The price in the market for a Security may be less than its issue price even though the value of any Underlying Asset may not have changed since the issue date.

To the extent that Warrants of a particular issue are exercised, the number of Warrants remaining outstanding will decrease, resulting in a diminished liquidity for the remaining Warrants.

Optional Redemption by the relevant Issuer

Any call option of the relevant Issuer in respect of the Securities may negatively impact their market value. During any period when the Issuer may elect to redeem Securities, the market value of those Securities generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. The relevant Issuer may be expected to redeem Securities when its cost of borrowing is lower than the interest rate on the Securities. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Securities being redeemed.

Where Securities are linked to Underlying Assets, if certain events occur in relation to an Underlying Asset and it determines that it is unable to make an appropriate adjustment to the terms of the Securities, the relevant Issuer may redeem the Securities at their fair market value.

Interest Rate Risks

Where Securities bear interest at a fixed rate, subsequent changes in market interest rates may adversely affect the value of the Securities.

Where interest on Securities is subject to floating rates of interest that will change subject to changes in market conditions, such changes could adversely affect the rate of interest received on the Securities.

Currency Risk

Investors may be exposed to currency risks because (i) the Underlying Assets may be denominated or priced in currencies other than the currency in which the Securities are denominated and/or (ii) the Securities and/or the Underlying Assets may be denominated in currencies other than the currency of the country in which the investor is resident. The value of the Securities may therefore increase or decrease as a result of fluctuations in those currencies.

Warrants

Warrants involve complex risks which may include interest, share price, commodity, foreign exchange, time value and/or political risks. Investors should recognise that their Warrants may expire worthless. They should be prepared to sustain a total loss of the purchase price of the Warrants. This risk reflects the nature of a Warrant as an asset which, other factors held constant, tends to decline in value over time and which may become worthless when it expires. Assuming all other factors are held constant, the more a Warrant is "out-of-the-money" and the shorter its remaining term to expiration, the greater the risk that purchasers of such Warrants will lose all or part of their investment.

The risk of the loss of some or all of the purchase price of a Warrant upon expiration means that, in order to recover and realise a return upon the investment, a purchaser of a Warrant must generally be correct about the direction, timing and magnitude of an anticipated change in the value of the Underlying Asset. With respect to European style Warrants, the only way in which a holder can realise value from the Warrant prior to the Exercise Date in relation to such Warrant is to sell it at its then market price in an available secondary market.

The Settlement Amount determined in respect of any Warrants exercised at any time prior to expiration is typically expected to be less than the value that can be realised from the Warrants if such Warrants are sold at their then market price in an available secondary market at that time. The difference between the market price value and the determined Settlement Amount will reflect, among other things, a "time value" for the Warrants. The "time value" of the Warrants will depend partly upon the length of the period remaining to expiration and expectations concerning the value of the Underlying Asset, as well as by a number of other interrelated factors, including those specified herein.

Before exercising or selling Warrants, Warrantheolders should carefully consider, among other things, (i) the trading price of the Warrants, (ii) the value and volatility of the Underlying Asset, (iii) the time remaining to expiration, (iv) the probable range of Settlement Amounts, (v) any change(s) in interim interest rates and relevant dividend yields, (vi) any change(s) in currency exchange rates, (vii) the depth of the market or liquidity of the securities comprised in any relevant equity index and (ix) any related transaction costs.

In the case of the exercise of Warrants, there will be a time lag between the giving by the Warrantheolder of instructions to exercise and the determination of the Settlement Amount. Such time lag could be extended, particularly if there are limitations on the maximum amount of Warrants that may be exercised on one day. The prices or levels of the relevant Underlying Assets could change significantly during such time lag resulting in a decrease in the Settlement Amount (including a decrease to zero).

If so indicated in the relevant Pricing Supplement, the relevant Issuer may limit the number of Warrants which may have the same Valuation Date (other than on the Expiration Date). In such event, the Valuation Date of Warrants forming the excess over the relevant maximum amount may be postponed.

Conflicts of Interest

In making calculations and determinations with regard to the Securities, there may be a difference of interest between the investors and the relevant Issuer. The relevant Issuer is required to act in good faith but does not have any obligations of agency or trust for any investors and has no fiduciary obligations towards them. In particular the relevant Issuer and its affiliated entities may have interests in other capacities (such as other business relationships and activities).

As the Calculation Agent will generally be an affiliate of the relevant Issuer, there may also be potential conflicts of interest between the investors and the Calculation Agent. Any determination made by the Calculation Agent may have an impact on the value and financial return of the Securities. Any such determination exercised by, or any calculation made by, the Calculation Agent (in the absence of manifest or proven error) shall be binding on the relevant Issuer and all investors.

Loss of Investment

If the amount payable on redemption, exercise or expiry of the Securities is less than their issue price, investors may lose all or part of their investment.

Adjustments and Early Redemption, or Cancellation

In certain circumstances the relevant Issuer may make adjustments to the terms of the Securities (including substituting Underlying Assets) or redeem, or cancel them at their fair market value as determined by it without the consent of the Securityholders.

Securities linked to other Assets

Where the amounts of payments under Securities are linked to the performance or valuation of equity indices, inflation indices, shares, depositary receipts, commodities, commodity indices, exchange rates, exchange rate indices and/or other assets, rates or variables as the case may be (each, an **"Underlying Asset"**) an investment in the Securities is not the same as an investment in any or all of the Underlying Assets or any share, security, exchange rate, commodity or other component (each, a **"Component"**) comprised in a relevant index or an investment which is directly linked to any of them. In particular, investors will not benefit from any dividends unless the relevant equity index is a total return index.

The levels or prices of Underlying Assets (and of Components comprised in an index) may go down as well as up throughout the term of the Securities. Such fluctuations may affect the value of the Securities. Furthermore, the levels or prices of such Underlying Assets at any specific date may not reflect their prior or future performance or valuation. There can be no assurance as to the future performance or valuation of any Underlying Asset. Accordingly, before investing in the Securities, investors should carefully consider whether any investment linked to the relevant Underlying Assets is suitable for them.

Securities linked to Underlying Assets may involve complex risks, which include, among other things, share price risks, credit risks, commodity risks, foreign exchange risks, interest rate risks, political and/or issuer risks. If the Securities are linked to an Underlying Asset which involves emerging market countries there may be additional risks, including event, market, liquidity, regulatory, settlement and holder risks and investors should note that the risk of occurrence and the severity of the consequences of the matters described herein may be greater than they would otherwise be in relation to more developed countries.

Where the Securities are linked to Underlying Assets which include depositary receipts investors should consult the relevant deposit agreement for the rights attaching to those depositary receipts, which may be different from the rights attaching to the underlying shares of such depositary receipts. In particular, depositary receipts may not get the benefit of any dividend paid on such underlying shares.

Where an Underlying Asset is an index (a **"Proprietary Index"**) composed by the relevant Issuer or one of its affiliates (the **"Index Creator"**), the rules of such index may be amended by the Index Creator. No assurance can be given that any such amendment would not be prejudicial to Securityholders.

The value of a Proprietary Index is published subject to the provisions in the rules of the index. None of the Issuer, the Index Creator or the relevant publisher is obliged to publish any information regarding such index other than as stipulated in the rules of the index. The Index Creator may enter into licensing arrangements with investors pursuant to which the investor in question can obtain further and more detailed information, such as the constituent stocks, against payment of licensing fees and typically subject to a time lag. It is expected that only large professional investors will enter into such licensing arrangements.

The Issuer and the Index Creator are affiliated entities and may face a conflict of interest between their obligations as Issuer and Index Creator, respectively, and their interests in another capacity. No assurance can be given that the resolution of such potential conflicts of interest may not be prejudicial to the interests of Securityholders. The Securities may be linked to the performance of specific commodity indices. As a result of rollover gains/costs that have to be taken into account within the calculation of such indices and under certain market conditions, such indices may outperform or underperform the underlying commodities contained in such indices. Furthermore, the prices of the underlying commodities may be referenced by the price of the current futures contract or active front contract and rolled into the following futures contract before expiry. The price of the Securities during their lifetime and at maturity is, therefore, sensitive to fluctuations in the expected futures prices and can substantially differ from the spot price of the commodities. Commodities strongly depend on

supply and demand and are subject to increased price fluctuations. Such price fluctuations may be based (among others) on the following factors: perceived shortage of the relevant commodity, weather damage, loss of harvest, governmental intervention or political upheavals.

Tax

General

The level and basis of taxation on the Securities and on the Securityholders and any reliefs from such taxation depend on the Securityholder's individual circumstances and could change at any time. The tax and regulatory characterisation of the Securities may change over the life of the Securities. This could have adverse consequences for Securityholders. Potential Securityholders will therefore need to consult their own tax advisers to determine the specific tax consequences of the purchase, ownership, transfer and redemption or enforcement of the Securities.

GENERAL TERMS AND CONDITIONS OF THE NOTES

The following is the text of the general terms and conditions which, subject to the provisions of (if any) the relevant Product Supplement and of the Pricing Supplement, shall be applicable to the Notes. References in the Conditions to "Notes" are to the Notes of one Series only, not to all Notes that may be issued under the Programme. Definitions used in these General Terms and Conditions of the Notes shall not apply to any other General Terms and Conditions contained in this Programme Memorandum.

The Notes (which expression shall include any Notes issued pursuant to General Condition 11) are issued by whichever of Credit Suisse AG, acting through its London Branch or Credit Suisse International is specified to be the Issuer (the "**Issuer**") in the relevant Pricing Supplement (as defined below) pursuant to an Agency Agreement dated 1 July 2010 (as may be amended and/or restated and/or supplemented from time to time, the "**Agency Agreement**") between the Issuers, Citibank Europe plc as fiscal agent and the other agents named in it and with the benefit of a deed of covenant entered into by Credit Suisse AG, acting through its London Branch on 19 November 2009 and a deed of covenant entered into by Credit Suisse International on 1 July 2010 (as amended and/or restated and/or supplemented as at the Issue Date, each a "**Deed of Covenant**"). The fiscal agent, the paying agents (which shall include the Principal Certificate Agent and the Principal Warrant Agent), the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the "**Fiscal Agent**", the "**Paying Agents**" (which expression shall include the Fiscal Agent), the "**Registrar**", the "**Transfer Agents**" and the "**Calculation Agent(s)**", and together the "**Agents**". The Noteholders (as defined in General Condition 1) are deemed to have notice of all of the provisions of the Agency Agreement applicable to them.

Copies of the Agency Agreement and each Deed of Covenant are available for inspection at the specified office of the Fiscal Agent.

The amount payable or deliverable on the Notes may be linked to one or more "**Underlying Asset(s)**" as shall be specified in the relevant Pricing Supplement.

The Notes of any series (a "**Series**") and of any tranche (a "**Tranche**") comprising, together with another Tranche or other Tranches, a Series, are subject to these General Terms and Conditions of the Notes (the "**General Conditions**"), as modified and/or supplemented by the terms of (if any) the relevant product supplement (each a "**Product Supplement**") relating to the relevant Notes (the "**Product Terms**") and the terms of the relevant Pricing Supplement (each a "**Pricing Supplement**") relating to the relevant Notes (the "**Pricing Supplement Terms**" and together with the Product Terms (if any), the "**Terms**"). The relevant Pricing Supplement will be appended to the Permanent Global Note representing the Notes (the "**Permanent Global Note**"). For the avoidance of doubt, a Product Supplement may not be prepared in respect of some or all of the Notes, in which case all references in these General Conditions in relation to such Notes to "Product Supplement" and "Product Terms" shall be disregarded.

Expressions used herein and not defined shall have the meaning given to them in the relevant Terms. In the event of any inconsistency between the General Conditions and (if any) the Product Terms, the Product Terms will prevail. In the event of any inconsistency between the Pricing Supplement Terms and the General Conditions and (if any) the Product Terms, the Pricing Supplement Terms will prevail. Reference to "**Conditions**" are to the General Conditions as supplemented or amended by (if any) the Product Terms and the Pricing Supplement Terms.

1. Form, Denomination and Title

The Notes are issued in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**") in each case with a nominal amount (the "**Nominal Amount**") equal to the Specified Denomination(s) specified in the Pricing Supplement.

Bearer Notes will be represented by a permanent global Note (a "**Permanent Global Note**") in bearer form (a "**Classic Global Note**" or "**CGN**") which will be deposited with a common depository on behalf of Clearstream Banking société anonyme ("**Clearstream, Luxembourg**") and Euroclear Bank S.A./N.V. ("**Euroclear**", and together with Clearstream, Luxembourg, the "**Central Clearing Systems**") or such other clearing system as may be agreed between the Issuer and the Fiscal Agent (the "**Alternative Clearing System**" and, together with the Central Clearing Systems, the "**Clearing Systems**") on or before the relevant issue date. The Permanent Global Note will be exchangeable for Notes in definitive form in the circumstances set out below.

Registered Notes will initially be represented by interests in a global registered certificate (the "**Global Certificate**"), which will be deposited with a common nominee for, and registered in the name of a common nominee of, the Central Clearing Systems or an Alternative Clearing System (as shall be specified in the Pricing Supplement) on or before its issue date.

In the case of Notes in definitive form in respect of which interest is payable in accordance with the Conditions, such Notes shall have interest coupons ("**Coupons**") attached. Any reference herein to "**Couponholders**" shall mean the holders of the Coupons.

In the case of Notes in definitive form in respect of which the principal is payable in instalments, such Notes shall have receipts ("**Receipts**") for the payment of instalments of principal relating to such Notes.

Title to the Bearer Notes and Coupons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Permanent Global Note representing it) or its theft or loss (or that of the related Permanent Global Note) and no person shall be liable for so treating the holder.

For so long as any of the Notes is represented by a Permanent Global Note or a Global Certificate held by or on behalf of one or more Clearing Systems specified in the Pricing Supplement, each person (other than one Clearing System to the extent that it appears on the books of another Clearing System) who is for the time being shown in the records of the relevant Clearing System as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by the relevant Clearing System as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and each Agent as the holder of such nominal amount of such Notes for all purposes other than with respect to the right to payment on such nominal amount of such Notes, the right to which shall be vested, as against the Issuer and any Agent, solely in the bearer of the relevant Permanent Global Note or the person in whose name the Registered Note is registered in accordance with and subject to its terms (and the expressions "**Noteholder**" and "**holder**" of Notes and related expressions in the Conditions shall be construed accordingly). Rights in respect of Notes which are held by or on behalf of a Clearing System will be transferable only in accordance with the rules and procedures for the time being of the relevant Clearing System.

So long as the Notes are represented by a Permanent Global Note or a Global Certificate and the relevant Clearing System(s) so permit, the Notes shall be tradeable only in principal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination) provided hereon and integral multiples of the Tradeable Amount provided hereon.

A Permanent Global Note representing a Note with an original maturity of more than 183 days will be exchangeable, free of charge, in whole but not in part, on or after the due date for exchange, for Notes

in definitive form, if requested by the holder on behalf of the beneficial owner of interests in the Permanent Global Security. Any such request must include the name, address and telephone number of the requesting beneficial owner. Upon such request, the holder's interests in the Permanent Global Note shall be exchanged for interests in Notes in definitive form and such Notes shall be removed, upon issuance, from the Clearing System and may not be readmitted to the Clearing System. No Notes in definitive form will be delivered to any address within the United States or its possessions (which include Puerto Rico, the US Virgin Islands, Guam, American Samoa, Wake Island, and Northern Mariana Islands).

2. Transfers of Registered Notes

(a) Transfer of Registered Notes

To transfer one or more Registered Notes a duly completed form of transfer in the form available from the Registrar or any Transfer Agent must be delivered to the specified office of the Registrar or any Transfer Agent together with such other evidence as to the holder's identity and authority as the Registrar or Transfer Agent may reasonably require. All transfers of Registered Notes and entries on the Register will be made subject to the regulations scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar. A copy of the current regulations will be made available by the Registrar to any holder of a Registered Note upon request.

(b) Transfers Free of Charge

The transfer of Notes shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(c) Closed Periods

No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Note, (ii) during the period of 15 days before any date on which Notes may be called for redemption by the Issuer at its option pursuant to General Condition 5(d)(iii) after any such Note has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date (as defined in Condition 6(b) below).

3. Status

The Notes are unsubordinated and unsecured obligations of the Issuer and will rank *pari passu* and ratably without any preference among themselves and equally with all other unsubordinated and unsecured obligations of the Issuer from time to time outstanding (other than obligations preferred by mandatory operation of law).

4. Interest and other Calculations

(a) **Interest on Fixed Rate Notes:** Each Fixed Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date.

If a Fixed Coupon Amount or a Broken Amount is specified in the relevant Terms, the amount of interest payable on each Interest Payment Date will amount to the Fixed Coupon Amount or, if applicable, the Broken Amount so specified and in the case of the Broken Amount will be payable on the particular Interest Payment Date(s) specified in the relevant Terms.

(b) **Interest on Floating Rate Notes:**

(i) *Interest Payment Dates:* Each Floating Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum

(expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. Such Interest Payment Date(s) is/are either Specified Interest Payment Dates or, if there is no Specified Interest Payment Date, Interest Payment Date shall mean each date which falls the number of months or other period specified in the relevant Terms as the Specified Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

- (ii) *Business Day Convention:* If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.
- (iii) *Rate of Interest for Floating Rate Notes:* The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate plus or minus (as indicated hereon) the Margin (if any). For the purposes of this sub-paragraph (iii), "**ISDA Rate**" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (x) the Floating Rate Option is as specified in the relevant Terms;
- (y) the Designated Maturity is a period specified in the relevant Terms; and
- (z) the relevant Reset Date is the first day of that Interest Accrual Period.

For the purposes of this sub-paragraph (iii), "Floating Rate", "Calculation Agent" and "Swap Transaction" have the meanings given to those terms in the ISDA Definitions.

- (c) **Interest on Variable Rate Notes:** Each Variable Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) in respect of each Interest Period equal to the Rate of Interest in respect of such Interest Period, such interest being payable in arrear on each Interest Payment Date.

The Rate of Interest and the Interest Amount payable shall be calculated by the Calculation Agent on the Interest Determination Date in accordance with General Condition 4(i).

If any date for payment in respect of any Variable Rate Note is not a business day (as defined in General Condition 6(f)), there shall be no adjustment to the duration of the relevant Interest Period and the holder of the relevant Note shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment.

- (d) **Zero Coupon Notes:** Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in General Condition 5(b)(i)).

- (e) **Partly Paid Notes:** In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the relevant Terms.
- (f) **Accrual of Interest:** Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgement) at the Rate of Interest in the manner provided in this General Condition 4 to the Relevant Date (as defined in General Condition 8).
- (g) **Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts, Rate Multipliers and Rounding:**
- (i) If any Margin or Rate Multiplier is specified in the relevant Terms (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with (b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin or multiplying by such Rate Multiplier, subject always to the next paragraph.
 - (ii) If any Maximum or Minimum Rate of Interest, or Instalment Amount or Final Redemption Amount is specified in the relevant Terms, then any Rate of Interest, or Instalment Amount, or Final Redemption Amount shall be subject to such maximum or minimum, as the case may be.
 - (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "unit" means the lowest transferable amount of such currency.
- (h) **Calculations:** The amount of interest payable in respect of any Note for any period shall be calculated by multiplying the product of the Rate of Interest and the outstanding nominal amount of such Note by the Day Count Fraction, unless an Interest Amount (or a formula for its calculation) is specified in respect of such period, in which case the amount of interest payable in respect of such Note for such period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable in respect of such Interest Period shall be the sum of the amounts of interest payable in respect of each of those Interest Accrual Periods.
- (i) **Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts:** On such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, it shall determine such rate and calculate the Interest Amounts in respect of each Specified Denomination of the Notes for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Fiscal Agent, each of the Paying Agents, the Noteholders and any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to General Condition 4(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under General Condition 9, the accrued interest and the

Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this General Condition 4 but no publication of the Rate of Interest or the Interest Amount so calculated need be made.

- (j) **Definitions:** Unless the context otherwise requires, the following terms shall have the meanings set out below:

"Business Day" means:

- (i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or
- (ii) in the case of euro, a day on which the TARGET2 system is operating (a **"TARGET Business Day"**); and/or
- (iii) in the case of a currency and/or one or more Additional Business Centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Additional Business Centre(s) or, if no currency is indicated, generally in each of the Additional Business Centres;

"Day Count Fraction" means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period, the **"Calculation Period"**):

- (i) if **"Actual/Actual"** or **"Actual/Actual – ISDA"** is specified in the relevant Terms, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if **"Actual/365 (Fixed)"** is specified in the relevant Terms, the actual number of days in the Calculation Period divided by 365;
- (iii) if **"Actual/360"** is specified in the relevant Terms, the actual number of days in the Calculation Period divided by 360;
- (iv) if **"30/360"**, **"360/360"** or **"Bond Basis"** is specified in the relevant Terms, the number of days in the Calculation Period divided by 360 calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D₁" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

- (v) if "30E/360" or "Eurobond Basis" is specified in the relevant Terms, the number of days in the Calculation Period divided by 360 calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D₁" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D₂ will be 30;

- (vi) if "30E/360 (ISDA)" is specified in the relevant Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D₁" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D₂ will be 30;

- (vii) if "**Actual/Actual-ICMA**" is specified in the relevant Terms:
- (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
 - (b) if the Calculation Period is longer than one Determination Period, the sum of:
 - (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
 - (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year;

where:

"Determination Date" means the dates specified as such in the relevant Terms or, if none is so specified, the Interest Payment Dates;

"Determination Period" means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

"Designated Maturity" means the period set out in the relevant Terms.

"Delivery Agent" means Credit Suisse International (or such other Delivery Agent as may be appointed by the relevant Issuer from time to time).

"Interest Accrual Period" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

"Interest Amount" means the amount of interest payable, and in the case of Fixed Rate Notes, means the Fixed Coupon Amount or Broken Amount, as the case may be.

"Interest Commencement Date" means the Issue Date or such other date as may be specified in the relevant Terms.

"Interest Period Date" means each Interest Payment Date unless otherwise specified in the relevant Terms.

"Interest Period" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

"ISDA Definitions" means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc.

"Rate of Interest" means the rate of interest payable from time to time in respect of the Notes.

"TARGET2 System" means the Trans-European Automated Real-Time Gross Settlement Express Transfer System or any successor thereto.

5. Redemption, Purchase and Option

(a) Redemption by Instalments and Final Redemption:

- (i) Unless previously redeemed, purchased and cancelled (as provided either in these General Conditions or as specified in the relevant Terms), or the relevant Instalment Date is extended pursuant to any Issuer's or Noteholder's option in accordance with General Condition 5(d) or 5(e) or as specified in the relevant Terms, each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified hereon. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.
- (ii) Unless previously redeemed, purchased and cancelled (as provided either in these General Conditions or as specified in the relevant Terms), or its maturity is extended pursuant to any Issuer's or Noteholder's option in accordance with General Condition 5(d) or 5(e) or as specified in the relevant Terms, each Note shall be finally redeemed on the Maturity Date at its Final Redemption Amount (which, unless otherwise provided in the relevant Terms, is its nominal amount) or, in the case of a Note falling within paragraph (i) above, its final Instalment Amount.

(b) Early Redemption:

- (i) Zero Coupon Notes:
 - (A) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to General Condition 5(c) or upon it becoming due and payable as provided in General Condition 9 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified in the relevant Terms.
 - (B) Subject to the provisions of sub-paragraph (C) below (and unless otherwise specified in the relevant Terms), the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is specified, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
 - (C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to General Condition 5(c) or upon it becoming due and payable as provided in General Condition 9 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall, unless otherwise specified in the relevant Terms, be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (as well after as before judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with General Condition 4(c).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction.

- (ii) Other Notes: The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to General Condition 5(c) or upon it becoming due and payable as provided in General Condition 9, shall, unless otherwise specified in the relevant Terms, be the amount determined by the Calculation Agent that, in the case of redemption pursuant to General Condition 5(c) on the fifth Business Day in London prior to the due date for redemption or, in the case of redemption pursuant to General Condition 9, on the due date for redemption of such Note has the effect of preserving for the holder of such Note the economic equivalent of the obligation of the Issuer, to make payments of principal and interest in respect of such Note that would, but for such redemption, have fallen due after such date.

(c) **Redemption for Illegality Reasons:**

The Notes may be redeemed at the option of the Issuer, in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Fiscal Agent and, in accordance with General Condition 12, the Noteholders (which notice shall be irrevocable), if the Issuer shall have determined in good faith that the performance of any of its obligations under the Notes or that any arrangements made to hedge its position under the Notes shall have or will become unlawful, illegal or otherwise prohibited in whole or in part as a result of compliance with any applicable present or future law, rule, regulation, judgment, order or directive of any government, administrative, legislative or judicial authority or power, or any change in the interpretation thereof.

Each Note redeemed pursuant to this General Condition 5(c) will be redeemed at its Early Redemption Amount.

- (d) **Redemption at the Option of the Issuer and Exercise of Issuer's Options:** If Call Option is specified in the relevant Terms, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified in the relevant Terms) redeem, or exercise the Issuer's option (as may be described in the relevant Terms) in relation to, all or, if so provided, some, of the Notes on any Optional Redemption Date or Option Exercise Date, as the case may be. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the minimum nominal amount to be redeemed specified hereon and no greater than the maximum nominal amount to be redeemed specified hereon.

All Notes in respect of which any such notice is given shall be redeemed, or the Issuer's option shall be exercised, on the date specified in such notice in accordance with this General Condition.

In the case of a partial redemption or a partial exercise of the Issuer's option, the notice to Noteholders shall also contain the series numbers of the Notes to be redeemed or in respect of which such option has been exercised, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws or relevant authority requirements.

- (e) **Redemption at the Option of Noteholders and Exercise of Noteholders' Options:** If Put Option is specified in the relevant Terms, the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified hereon) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount together with interest accrued to the date fixed for redemption.

In the case of Notes not held in or on behalf of a Clearing System, to exercise such option the holder must deposit a duly completed option exercise notice ("**Exercise Notice**") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within

the notice period together with (in the case of Bearer Notes) Notes in definitive form and all unmatured Coupons relating thereto with any Paying Agent or (in the case of Registered Notes) with the Registrar or any Transfer Agent at its specified office.

- (f) **Partly Paid Notes:** Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this General Condition and the provisions specified hereon.
- (g) **Purchases:** The Issuer, any subsidiary and/or any Affiliate of the Issuer may at any time purchase Notes (provided that all unmatured Coupons and Receipts (if any) are purchased with them) in the open market or otherwise at any price and may hold or resell or cancel them. References to "Affiliate" include any entity controlled, directly or indirectly, by the Issuer, any entity that controls, directly or indirectly, the Issuer and any entity under common control with the Issuer. As used herein, "control" means ownership of a majority of the voting power of the entity or, as the case may be, the Issuer and "controlled by" and "controls" shall be construed accordingly.
- (h) **Cancellation:** Notes purchased by or on behalf of the Issuer or any of its subsidiaries or Affiliates may (at the option of the Issuer in accordance with paragraph (g) above) be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note (together with, in the case of Notes in definitive form, any related Coupons and Receipts) to the Fiscal Agent and, in the case of Registered Notes, by surrendering the Global Certificate representing such Note to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer be cancelled forthwith. Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.
- (i) **Reference to Principal:** References to principal shall be deemed to include, wherever the context so admits, any amounts payable under the Notes other than by way of interest.
- (j) **Physical Settlement:** Where Physical Settlement is specified to be applicable in the relevant Pricing Supplement, subject to any conditions specified in the relevant Terms, the Issuer shall discharge its payment obligation by delivery of the Underlying Asset Amount in accordance with the terms specified in the relevant Terms. For such purpose, "**Underlying Asset Amount**" means in relation to a Tranche, the amount of Underlying Asset(s) as specified in the relevant Pricing Supplement, which may be delivered by the Delivery Agent on behalf of the relevant Issuer on the date specified in the relevant Pricing Supplement.

6. Payments

(a) *Bearer Notes*

Payments of principal and interest in respect of Bearer Notes shall be made against presentation and annotation or, if no further payment is to be made, surrender of the Permanent Global Note at the specified office of any Paying Agent outside the United States and its possessions (which include Puerto Rico, the US Virgin Islands, Guam, American Samoa, Wake Island, and Northern Mariana Islands) by transfer to an account denominated in the Settlement Currency with a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET2 System. A record of each payment so made will be endorsed on each Permanent Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Notes.

(b) *Registered Notes*

Payments of principal and interest in respect of Registered Notes shall be made to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "**Record Date**"). Payments on each Registered Note shall be made in the Settlement Currency by cheque drawn on a bank and mailed to the holder (or to the first-named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment may be made by transfer to an account in the Settlement Currency specified by

the payee with a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET2 System.

(c) *Notes in definitive form*

Payments of principal or interest in respect of Notes in definitive form shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of interest or Coupons as the case may be, at the specified office of any Paying Agent outside the United States and its possessions (which include Puerto Rico, the US Virgin Islands, Guam, American Samoa, Wake Island, and Northern Mariana Islands) by transfer to an account denominated in the Settlement Currency with a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET2 System.

(d) *Discharge of Obligation*

(i) The holder of a Permanent Global Note or Global Certificate shall be the only person entitled to receive payments in respect of Notes represented by such Permanent Global Note or Global Certificate and, unless Physical Settlement is specified to be applicable in the relevant Pricing Supplement, the Issuer will be discharged by payment to, or to the order of, the holder of such Permanent Global Note or Global Certificate in respect of each amount so paid. Where the relevant Pricing Supplement specifies Physical Settlement, in lieu of paying the Redemption Amount the Issuer shall discharge its payment obligation in respect of the relevant Notes by delivery of the Underlying Asset Amount in accordance with the terms specified in the relevant Terms.

(ii) Each of the persons shown in the records of the relevant Clearing System as the holder of a particular nominal amount of Notes represented by such Permanent Global Note or Global Certificate must look solely to such Clearing System for its share of each payment so made. No person other than the holder of such Permanent Global Note or Global Certificate shall have any claim against the Issuer in respect of any payments or delivery of the Underlying Asset Amount due on that Permanent Global Note or Global Certificate.

(e) *Unmatured Coupons to become void*

Upon the due date for redemption of any Notes in definitive form, all unmatured Coupons relating to such Notes (whether or not still attached) shall become void and no payment shall be made in respect of them.

(f) *Receipts*

Upon the due date for redemption of any Note in definitive form that is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.

(g) *Indemnity for missing Coupons*

Where any Note in definitive form that provides that the relative unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons, redemption shall be made only against the provision of such indemnity as the Issuer may require.

(h) *Payments Subject to Laws*

All payments are subject in all cases to any applicable fiscal and other laws, regulations and directives.

(i) Appointment of Agents

The Agents initially appointed by the Issuer and their respective specified offices are specified in the Pricing Supplement. The Agents act solely as agents of the Issuer and neither the Issuer nor any of the Agents assumes any obligation or relationship of agency or trust of a fiduciary nature for or with any Noteholder. The Issuer may at any time vary or terminate the appointment of any Agent and appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) a Registrar in relation to Registered Notes, and (iii) a Transfer Agent in relation to Registered Notes.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

(j) Non-Business Days

If any date for payment in respect of any Note or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day or to any interest or other sum in respect of such postponed payment. In this paragraph, "business day" means a day which is a Currency Business Day and, where presentation is required, a Banking Day in the relevant place of presentation.

7. Taxation

The Issuer is not liable for or otherwise obliged to pay, and the relevant Noteholder shall pay, any tax, duty, charges, withholding or other payment which may arise as a result of, or in connection with, the ownership, transfer, redemption or enforcement of any Note, including, without limitation, the payment of any Redemption Amount, Interest Amount or Instalment Amount. The Issuer shall have the right, but not the duty, to withhold or deduct from any amount payable to the Noteholder, such amount as is necessary (i) for the payment of any such taxes, duties, charges, withholdings or other payments, (ii) any withholding taxes imposed by the United States or a political subdivision thereof or (iii) for effecting reimbursement to the Issuer for any payment by it of any tax, duty, charge, withholding or other payment referred to in this General Condition. The Issuer shall not be obliged to make any payment to a Noteholder to compensate them for such withholding or deduction.

8. Prescription

Claims against the Issuer for payment in respect of the Notes shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them. For the purposes of the General Conditions, "**Relevant Date**" means, in respect of any payment, (i) the date on which such payment first becomes due and payable or (ii) if the full amount of moneys payable has not been received by the Fiscal Agent on or prior to such date, the date on which, the full amount of such moneys having been so received, notice to that effect is given to the Noteholders in accordance with General Condition 12.

9. Events of Default

If any one or more of the following events (each, an "**Event of Default**") has occurred and is continuing:

- (i) default is made in the payment on the date of any interest or principal in respect of any of the Notes, and such default continues for a period of 30 days; or
- (ii) the Issuer declares itself or becomes insolvent or enters into a general assignment or composition with or for the benefit of its creditors, or is wound up or dissolved save for a reorganisation involving the assumption by any corporation of all the Issuer's liabilities under the Notes,

then the holder of any Note may by notice in writing given to the Fiscal Agent at its specified office, declare such Note immediately due and payable as of the date on which such notice is received by the Fiscal Agent and such Note shall become redeemable at its Early Redemption Amount unless prior to the time that the Fiscal Agent receives such notice, the Issuer shall have cured or otherwise made good all relevant Events of Default in respect of the Notes.

10. Meeting of Noteholders and Modifications

- (a) **Meetings of Noteholders:** The Agency Agreement contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions. Such a meeting may be convened by Noteholders holding not less than one tenth in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any other amount payable or deliverable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Rate of Interest, Instalment Amount or Final Redemption Amount is shown hereon, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount, the Optional Redemption Amount or any other amount payable on the Notes or deliverable in respect of the Notes, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, (vii) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply or (viii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders and Couponholders (whether or not they were present at the meeting at which such resolution was passed). The holder of a Permanent Global Note or of the Notes represented by a Global Certificate shall (unless such Permanent Global Note represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a Permanent Global Note or of the Notes represented by a Global Certificate shall be treated as having one vote in respect of each minimum Specified Denomination of Notes for which such Permanent Global Note may be exchanged.

This General Condition 10(a) and the corresponding provisions of the Agency Agreement are subject to the rights of the Issuer to modify and amend the Conditions of the Notes or the Agency Agreement in each case without the consent of the Noteholders in accordance with the terms of General Condition 10(b).

- (b) **Modification:** The Issuer may from time to time modify and amend the Conditions of the Notes or the Agency Agreement, in each case without the consent of the Noteholders, in such manner as the Issuer deems necessary or desirable, if the modification or amendment:

- (i) is of a formal, minor or technical nature; or
- (ii) is made to cure a manifest or proven error; or
- (iii) is made to cure any ambiguity; or is made to correct or supplement any defective provisions of the Notes or the Agency Agreement (as applicable); or
- (iv) will not materially and adversely affect the interests of the Noteholders.

Any such modification or amendment shall take effect in accordance with its terms and be binding on the holders, and shall be notified to the Noteholders in accordance with General Condition 12 as soon as practicable (but failure to give such notice, or non-receipt thereof, shall not affect the validity of such modification or amendment).

11. **Further Issues**

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further Notes having the same terms and conditions as the Notes (so that, for the avoidance of doubt, references in the conditions of such Notes to "Issue Date" shall be to the first issue date of the Notes) and so that the same shall be consolidated and form a single series with such Notes, and references in these Conditions to "Notes" shall be construed accordingly.

12. **Notices**

So long as any Notes are held in or on behalf of a Clearing System, notices to the holders of such Notes may be given by delivery of the relevant notice to that Clearing System for communication by it to entitled accountholders. Notices to the holders of Notes may also be given by publication in the newspaper specified in the Pricing Supplement or such other leading newspaper of general circulation as the Issuer may determine. Any such notice shall be deemed to have been given on the weekday following such delivery or, where notices are so published, on the date of such publication or, if published more than once or on different dates, on the date of the first such publication.

Notices to be given by a Noteholder shall be in writing and given by being lodged with an Agent. Where Notes are held in or on behalf of a Clearing System, such notices may be given by the holder of a Note through the relevant Clearing System in such manner as the relevant Clearing System may approve for this purpose together with confirmation from the Clearing System of the Noteholder's holding of Notes.

Where Notes are held in or on behalf of a Clearing System but such Clearing System does not permit notices to be sent through it, such notices may be given by the relevant Noteholder in writing by being lodged with an Agent, subject to the Noteholder providing evidence from the Clearing System satisfactory to the Issuer of the Noteholder's holding of Notes.

Couponholders shall be deemed for all purposes to have notice of the contents of any Notice given to the Noteholders.

13. **Calculations and Determinations**

Neither the Issuer nor the Calculation Agent shall have any responsibility for good faith errors or omissions in their calculations and determinations as provided in the Conditions, whether caused by negligence or otherwise. The calculations and determinations of the Issuer or Calculation Agent shall be made in accordance with the Conditions having regard in each case to the criteria stipulated herein and (where relevant) on the basis of information provided to or obtained by employees or officers of the Issuer or Calculation Agent responsible for making the relevant calculation or determination and shall, in the absence of manifest error, be final, conclusive and binding on Noteholders or Couponholders.

14. **Substitution of the Issuer**

The Issuer, or any previously substituted company, may at any time, without the consent of the Noteholders or Couponholders, substitute for itself as principal obligor under the Notes any company (the "**Substitute**"), being any Affiliate of the Issuer or another company with which it consolidates, into which it merges or to which it sells, leases, transfers or conveys all or substantially all its property, subject to:

- (i) where the Substitute is an Affiliate of the Issuer, the Substitute having a long-term unsecured debt rating equal to or higher than that of the Issuer given by Moody's Investors Service, Inc. (or an equivalent rating from another internationally recognised rating agency) or having the benefit of a guarantee from the Issuer or another Affiliate of the Issuer with such a debt rating;
- (ii) all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Notes represent legal, valid and binding obligations of the Notes having been taken, fulfilled and done and being in full force and effect;
- (iii) the Issuer shall have received an opinion of counsel concluding that payments on the Notes will not be subject to US withholding tax (other than US withholding tax that can be avoided by

satisfying certain identification and certification requirements). Any such opinion shall be in form and substance satisfactory to the Issuer in its sole and absolute discretion and from counsel chosen by the Issuer, and shall not be addressed or delivered to, and may not be relied upon, by the Holders or any other party; and

- (iv) the Issuer shall have given at least 30 days' prior notice of the date of such substitution to the Noteholders in accordance with General Condition 12.

In the event of any substitution of the Issuer, any reference in the Conditions to the Issuer shall thenceforth be construed as a reference to the Substitute.

"Affiliate" means any entity controlled, directly or indirectly by the Issuer, any entity that controls, directly or indirectly, the Issuer and any entity under common control with the Issuer.

The Issuer shall also have the right upon notice to Noteholders in accordance with General Condition 12 to change the office through which it is acting for the purpose of the Securities, the date of such change to be specified in such notice provided that no change can take place prior to the giving of such notice.

The Issuer may not be substituted unless the Issuer receives an opinion of counsel concluding that payments on the Notes will not be subject to US withholding tax (other than US withholding tax that can be avoided by satisfying certain identification and certification requirements).

15. **Third Parties**

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999 except and to the extent (if any) that the Notes expressly provide for such Act to apply to any of their terms.

16. **Miscellaneous Definitions**

References to **"AUD"** are to Australian dollars, references to **"CAN"** are to Canadian dollars, references to **"DKr"** are to Danish Krone, references to **"EUR"** and **"€"** are to euro, references to **"GBP"** and **"£"** are to pounds sterling, references to **"HK\$"** and **"HKD"** are to Hong Kong dollars, references to **"JPY"** and **"¥"** are to Japanese yen, references to **"Nkr"** and **"NOK"** are to Norwegian Kroner, references to **"SKr"** and **"SEK"** are to Swedish Kronor, references to **"CHF"** and **"Sfr"** are to Swiss Francs, references to **"SGD"** and **"S\$"** are to Singapore dollars and references to **"USD"** and **"U.S.\$"** are to United States dollars.

"Banking Day" means, in respect of any city, a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in such city.

"Currency Business Day" means a day which is a Banking Day in the Financial Centre(s), if any (as specified in the relevant Pricing Supplement), and on which (unless the Settlement Currency is euro) commercial banks and foreign exchange markets are generally open to settle payments in the city or cities determined by the Issuer to be the principal financial centre(s) for the Settlement Currency, and if the Settlement Currency is euro, which is also a TARGET Business Day.

"Financial Centre" means each of the places so specified in the Pricing Supplement.

"Settlement Currency" means the currency in which a payment is to be made.

"TARGET Business Day" means a day on which the TARGET2 System or any successor thereto is operating.

17. **Governing Law and Jurisdiction**

The Agency Agreement and the Notes and any non-contractual matters arising out of or in connection with the Agency Agreement and the Notes are governed by, and shall be construed in accordance with, English law.

The Issuer irrevocably agrees for the exclusive benefit of the Noteholders that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes (including their formation) and that accordingly any suit, action or proceedings arising out of or in connection therewith (together referred to as "**Proceedings**") may be brought in the courts of England.

The Issuer irrevocably and unconditionally waives and agrees not to raise any objection which it may have now or subsequently to the laying of the venue of any Proceedings in the courts of England and any claim that any Proceedings have been brought in an inconvenient forum and irrevocably and unconditionally agrees that a judgment in any Proceedings brought in the courts of England shall be conclusive and binding upon the Issuer and may be enforced in the courts of any other jurisdiction. Nothing in this General Condition 17 shall limit any right to take Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

FORM OF PRICING SUPPLEMENT FOR NOTES

The following is the pro forma pricing supplement for general issues of Notes under the Programme.

[Credit Suisse AG, acting through its London Branch / Credit Suisse International]

This Pricing Supplement is supplemental to the Programme Memorandum dated 17 June 2011 relating to the Unlisted Securities Programme of Credit Suisse AG, acting through its London Branch and Credit Suisse International (whichever is specified to be the Issuer in this Pricing Supplement, the "**Issuer**").

[TITLE OF ISSUE]

Issue Price: [●]

Pricing Supplement dated [●]

This Pricing Supplement is supplemental to, and should be read and construed in conjunction with, the Programme Memorandum[, the relevant Product Supplement(s) *delete if not applicable; specify if applicable*] and all [other] documents which are incorporated by reference therein.

Terms defined in the Programme Memorandum have the same meaning in this Pricing Supplement.

In the event of any inconsistency between the Pricing Supplement Terms and the General Conditions or the Product Terms, the Pricing Supplement Terms will prevail.

[References to [CURRENCY SYMBOL] are to [SPECIFY CURRENCY].] ¹

¹ Delete if the relevant currency is referenced in General Condition 16.

INVESTMENT CONSIDERATIONS

[INSERT CONSIDERATIONS SPECIFIC TO ISSUE]

Except as set out below, the Notes will be subject to the General Conditions set out in the Programme Memorandum and the following Pricing Supplement Terms:

Not Applicable means an item is not applicable at the date of this Pricing Supplement, subject to amendment as provided in the Conditions. Italics in the left column denote a brief explanation of the Pricing Supplement Terms. Words in italics do not form any part of the Pricing Supplement Terms.

- | | | |
|-----|--|---|
| 1. | Issuer: | [Credit Suisse AG, acting through its London Branch / Credit Suisse International] |
| 2. | Series Number: | [●] |
| 3. | Tranche Number | |
| | <i>(If fungible with an existing Series, details of that series, including the date on which the Notes become fungible).</i> | [●]/Not Applicable |
| 4. | Specified Currency or Currencies: | [●] |
| 5. | Aggregate Nominal Amount | |
| | (i) Series: | [●] |
| | (ii) Tranche: | [●] |
| 6. | Issue Price: | [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from <i>[insert date]</i> (<i>in the case of fungible issues only, if applicable</i>)] |
| 7. | Specified Denominations: | [●] |
| 8. | Issue Date: | [●] |
| 9. | Interest Commencement Date | |
| | <i>(if different from the Issue Date):</i> | [●] |
| 10. | Maturity Date: | [●] [specify date for Fixed Rate or Zero Coupon Notes] or (for Floating Rate Notes) Interest Payment Date falling in [●] [specify the relevant month and year] ² |
| 11. | Interest Basis: | [Fixed Rate]
[Floating Rate]
[Zero Coupon]
[Currency/Equity/Index/Other Variable-linked]
[Other (<i>specify</i>)]
(further particulars specified below) |
| 12. | Redemption/Payment Basis: | [Redemption at par]
[Partly Paid] |

² The Maturity Date shall not be scheduled to fall after 31 December 2012.

- [Instalment]
- [Currency/Equity/Index/Other Variable-linked]
- [Other (*specify*)]
13. Change of Redemption/Payment Basis: [●] [*Specify details of any provision for convertibility of Notes into another redemption/payment basis*] Not Applicable
14. Put/Call Options: [Put]
- [Call]
- [(further particulars specified below)]
- PROVISIONS RELATING TO INTEREST**
15. **Fixed Rate Notes Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate [(s)] of Interest: [●] per cent. per annum [payable [annually/semi-annually/quarterly/ monthly] in arrear]
- (ii) Interest Payment Date(s): [●] in each year
- (iii) Fixed Coupon Amount [(s)]: [●] per [●] in nominal amount
- (iv) Broken Amount: [*Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount(s) and the Interest Payment Date(s) to which they relate*]
- (v) Day Count Fraction (General Condition 4(j)):
- [Actual/Actual]
- Actual/Actual - ISDA
- Actual/365 (Fixed)
- Actual/360
- 30/360
- 360/360 / Bond Basis
- 30E/360 / Eurobond Basis
- 30E/360 (ISDA)
- Actual/Actual – ICMA]
- (vi) Determination Date(s): [●] [*Insert day(s) and month(s) on which interest is normally paid (if more than one, then insert such dates in the alternative)*] in each year.³

³ Only to be completed for an issue where Day Count Fraction is Actual/Actual-ISMA.

- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/*give details*]
16. **Floating Rate Provisions** [Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph.*)
- (i) Specified Period(s)/Specified Interest Payment Dates: [●]
- (ii) Business Day Convention: [Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/Other (*give details*)]
- (iii) Additional Business Centre(s) (General Condition 4(j)): [●]
- (iv) Interest Period Date(s): [Not Applicable/specify dates]
[●]
- (v) ISDA Determination:
- Floating Rate Option: [●]
 - Designated Maturity: [●]
 - Reset Date: [●]
 - ISDA Definitions: (if different from those set out in the Conditions) [●]
- (vi) Margin(s): [+/-] [●] per cent. per annum
- (vii) Minimum Rate of Interest: [●]per cent. per annum
- (ix) Day Count Fraction (General Condition 4(j)):
- Actual/Actual
 - Actual/Actual – ISDA
 - Actual/365 (Fixed)
 - Actual/360
 - 30/360
 - 360/360 / Bond Basis
 - 30E/360 / Eurobond Basis
 - 30E/360 (ISDA)
 - Actual/Actual – ICMA]
- (x) Rate Multiplier: [●]
- (xi) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of

calculating interest on Floating Rate Notes, if different from those set out in the Conditions:

17. **Variable Rate Note Provisions** [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate[(s)] of Interest: [●]
- (ii) Additional Business Centre(s) (General Condition 4(j)) [●]
- (iii) Interest Payment Date(s): [●] in each year
- (iv) Interest Determination Date: [The date falling [●] Business Days prior to the Interest Payment Date for each Interest Period/The date falling [●] Business Days prior to the beginning of each Interest Period/Other (*specify*)]
- (v) Day Count Fraction (General Condition 4(j)):
- [Actual/Actual
Actual/Actual ISDA
Actual 365 (Fixed)
Actual/360
30/360
360/360 / Bond Basis
30E/360 / Eurobond Basis
30E/360 (ISDA)
Actual/Actual ICMA]
- (vi) Determination Date(s): [●] [*Insert day(s) and month(s) on which interest is normally paid (if more than one, then insert such dates in the alternative)*] in ea
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Available/*give details*]
18. **Zero Coupon Note Provisions** [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Amortisation Yield (General Condition 5(b)): [●] per cent. per annum
- (ii) Day Count Fraction (General Condition 4(j)):
- [Actual/Actual
Actual/Actual - ISDA
Actual/365 (Fixed)
Actual/360
30/360]

360/360 / Bond Basis

30E/360 /Eurobond Basis

30E/360 (ISDA)

Actual/Actual - ICMA]

- (iii) Any other formula/basis of determining amount payable: [Not Applicable/*give details*]

PROVISIONS RELATING TO REDEMPTION

19. Final Redemption Amount The Final Redemption Amount in respect of each Note will be [●] [*set out formula and related definitions for calculating the Final Redemption Amount*]/[Nominal amount/Other (*specify*)]/as set out in the Schedule hereto]
20. Early Redemption Amount
- Early Redemption Amount(s) payable on redemption for illegality reasons (General Condition 5(c)) or an event of default (General Condition 9) and/or the method of calculating the same (if required or if different from that set out in the General Conditions): [As set out in Conditions/Other (*specify*)]
21. Call Option [Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
- (i) Optional Redemption Date(s): [●]
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [●]
- (iii) If redeemable in part:
- (a) Minimum nominal amount to be redeemed: [●]
- (b) Maximum nominal amount to be redeemed: [●]
- (iv) Option Exercise Date(s): [●]
- (v) Description of any other Bank's option: [●]
- (vi) Notice period (if other than as set out in the Conditions): [●]
22. Put Option [Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
- (i) Optional Redemption Date(s): [●]
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such

amount(s):

- (iii) Option Exercise Date(s):
- (iv) Description of any other Noteholders' option:
- (v) Notice period (if other than as set out in the Conditions):
23. Settlement Currency (The Specified Currency/)
(The currency in which the Final Redemption Amount will be paid)
24. Physical Settlement [Applicable/Not Applicable]
25. Underlying Asset(s): [Specify]
- GENERAL PROVISIONS**
26. Form of Notes: [Bearer Notes/Registered Notes]
Permanent Global Note which is exchangeable for Notes in definitive form at the option of a holder
27. Financial Centre(s) (General Condition 6(f) (and definition of "Currency Business Day" in General Condition 16)) or other special provisions relating to payment dates: [Not Applicable/Give details. Note that this item relates to the place of payment, and not interest period end dates, to which item 16(iii) relates]
28. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Bank to forfeit the Notes and interest due on late payment: [Not Applicable/give details]
29. Details relating to Instalment Notes: [Not Applicable/give details]
- (i) Instalment Amount(s):
- (ii) Instalment Date(s):
- (iii) Minimum Instalment Amount:
- (iv) Maximum Instalment Amount:
30. Security Codes and Ticker Symbols
ISIN: [Not Applicable]
Common Code: [Not Applicable]
31. Clearing and Trading
Clearing System(s): [Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme, Luxembourg] [Other]

- Tradeable Amount: [●]
32. Delivery: Delivery [against/free of] payment
33. Calculation Agent: [Credit Suisse International] [Other]
34. The Agents appointed in respect of the Notes are: Fiscal Agent:
[Citi]
Paying Agent:
[Citi]
Transfer Agent:
[Citi]
Registrar:
[Citi]
Delivery Agent:
[Credit Suisse International]
[Delete or add additional agents as appropriate]
35. Dealer(s): [Credit Suisse (Securities) Europe Limited] [Credit Suisse International] [Other]
36. Additional steps that may only be taken following approval by Extraordinary Resolution in accordance with General Condition 9(a): [Not Applicable/give details]
37. Additional Provisions: [Not Applicable/give details]

Signed on behalf of the Issuer:

By: _____

Duly authorised

By: _____

Duly authorised

ADDITIONAL SELLING RESTRICTIONS

[If applicable]

TAXATION PROVISIONS

[If desired or relevant]

SCHEDULE

[If desired or relevant in respect of share linked Notes]

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Initial Issue of Securities

Permanent Global Notes are issued in 'Classic Global Note' (CGN) form. Upon the initial deposit of a Permanent Global Note with a common depository for the Clearing Systems (the "**Common Depository**") or registration of Registered Notes in the name of any nominee for the Clearing Systems and delivery of the relevant Global Certificate to the Common Depository, the Clearing Systems will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

Notes that are initially deposited with the Common Depository may also be credited to the accounts of subscribers with (if indicated in the relevant Pricing Supplement) other clearing systems through direct or indirect accounts with the Clearing Systems held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with the Clearing Systems or other clearing systems.

Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of the Clearing Systems or any other clearing system as the holder of a Note represented by a Permanent Global Note or a Global Certificate must look solely to the Clearing Systems or such clearing system (as the case may be) for his share of each payment made by the Issuer to the bearer of such Permanent Global Note or the holder of the underlying Registered Notes as the case may be, and in relation to all other rights arising under the Permanent Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of the Clearing Systems or such clearing system (as the case may be). No person other than the holder of such Permanent Global Note or Global Certificate shall have a claim directly against the relevant Issuer in respect of payments or delivery due on the Notes for so long as the Notes are represented by such Permanent Global Note or Global Certificate and such obligations of the Issuer will be discharged by (i) payment to the bearer of such Permanent Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid or, (ii) where Physical Settlement is specified to be applicable in the relevant Pricing Supplement, delivery of the Underlying Asset Amount in accordance with the terms specified in the relevant Terms.

So long as the Notes are represented by a Permanent Global Note or Global Certificate and the relevant clearing system(s) so permit, the Notes shall be tradeable only in principal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination) provided hereon and integral multiples of the Tradeable Amount in excess thereof provided in the relevant Pricing Supplement.

Exchange

Each Permanent Global Note with an original maturity of more than 183 days will be exchangeable, free of charge, in whole but not in part, on or after the due date for exchange, for Notes in definitive form, if requested by the holder on behalf of the beneficial owner of interests in the Permanent Global Note.

Global Certificates in respect of Registered Notes

If the Notes are held in a Clearing System and are represented by a Global Certificate, the following will apply in respect of transfers of such Registered Notes. These provisions will not prevent the trading of interests in the Notes within a Clearing System (which will be subject to the rules and procedures of the relevant Clearing System), but will limit the circumstances in which the Notes may be withdrawn from the relevant Clearing System.

Transfers of the holding of Notes represented by any Global Certificate pursuant to General Condition 2 may only be made in part:

- (i) if the relevant Clearing System is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
- (ii) if principal in respect of any Notes is not paid when due; or
- (iii) with the consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to (i) or (ii) above, the person in whose name the Notes are registered has given the Registrar not less than 30 days' notice at its specified office of its intention to effect such transfer.

Deed of Covenant

Under the Deed of Covenant the Issuer has covenanted in favour of the Noteholders from time to time that if principal in respect of any Notes is not paid when due, it will make payment of the unpaid amounts in respect of the Notes to the relevant Clearing Systems for crediting to the accounts of the relevant Noteholders in accordance with the rules and procedures of the relevant Clearing System.

GENERAL TERMS AND CONDITIONS OF THE CERTIFICATES

The following is the text of the general terms and conditions which, subject to the provisions of (if any) the relevant Product Supplement and Pricing Supplement, will apply to the Certificates. References in the Conditions to "Certificates" are to the Certificates of one Series only, not to all Certificates that may be issued under the Programme. Definitions used in these General Terms and Conditions of the Certificates shall not apply to any other General Terms and Conditions contained in this Programme Memorandum.

In relation to the Certificates, Credit Suisse AG, acting through its London Branch ("**CS**") and Credit Suisse International ("**CSI**") have executed an Agency Agreement dated 1 July 2010 (as may be amended and/or restated and/or supplemented from time to time, the "**Agency Agreement**") with Citibank Europe plc, as principal certificate agent (the "**Principal Certificate Agent**", which expression shall include, wherever the context so admits, any successor principal certificate agent), and the other agents named therein. The Certificateholders (as defined in General Condition 1) are deemed to have notice of all the provisions of the Agency Agreement applicable to them. CS has executed a general deed of covenant by deed poll dated 19 November 2009, and CSI has executed a general deed of covenant by deed poll dated 1 July 2010 (as amended and/or supplemented as at the Issue Date) (each a "**Deed of Covenant**") in favour of Certificateholders from time to time in respect of Certificates issued from time to time under the Programme under which it has agreed to comply with the terms of all such Certificates. Whichever of CS or CSI is specified in the relevant Pricing Supplement to be the Issuer is the "**Issuer**". Copies of the Agency Agreement (including the form of global certificate referred to below) and the relevant Issuer's Deed of Covenant are, and, so long as any Certificate remains outstanding, will be available for inspection during normal business hours at the specified office of the Principal Certificate Agent.

In these general terms and conditions (the "**General Conditions**" and together with the Terms, as defined below, the "**Conditions**"), references to the "**Central Clearing System(s)**" are to Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"); references to "**National Clearing System(s)**" are to such other clearing systems (if any) as may be specified in the relevant Pricing Supplement or notified to Certificateholders in accordance with General Condition 8; and references to a "**Clearing System**" shall be to a Central Clearing System or a National Clearing System, as the case may be, and shall include its respective successors and assigns.

The amount payable or deliverable on the Certificates may be linked to one or more "**Underlying Asset(s)**" as shall be specified in the relevant Pricing Supplement.

The Certificates of any series (a "**Series**") and of any tranche (a "**Tranche**") comprising, together with another Tranche or other Tranches, a Series, are subject to these General Conditions, as modified and/or supplemented by the terms of (if any) the relevant product supplement (each a "**Product Supplement**") relating to the relevant Certificates (the "**Product Terms**") and the terms of the relevant Pricing Supplement (each a "**Pricing Supplement**") relating to the relevant Certificates (the "**Pricing Supplement Terms**") and together with the Product Terms (if any), the "**Terms**"). The relevant Pricing Supplement will be appended to the global certificate representing the relevant Certificates (the "**Global Certificate**"). For the avoidance of doubt, a Product Supplement may not be prepared in respect of some or all of the Certificates, in which case all references in these General Conditions in relation to such Certificates to "Product Supplement" and "Product Terms" shall be disregarded.

Expressions used herein and not defined shall have the meaning given to them in the relevant Terms. In the event of any inconsistency between the General Conditions and (if any) the Product Terms, the Product Terms will prevail. In the event of any inconsistency between the Pricing Supplement Terms, the General Conditions and (if any) the Product Terms, the Pricing Supplement Terms will prevail. Reference to "**Conditions**" are to the General Conditions as supplemented or amended by (if any) the Product Terms and the Pricing Supplement Terms.

1. Form, Title and Transfer

(a) Form

The Certificates shall be represented at all times by the Global Certificate deposited outside the United Kingdom with a common depository for the Central Clearing Systems. Certificates in definitive form shall not be issued.

(b) *Title*

Each person for the time being appearing in the books of the relevant Clearing System(s) as the holder of a Certificate (other than one Clearing System to the extent that it appears on the books of another Clearing System) or such other person as may be specified as a Certificateholder in the relevant Pricing Supplement, shall be treated for all purposes by the Issuer, the Certificate Agents and the relevant Clearing System(s) as the holder thereof, notwithstanding any notice to the contrary (each such person being referred to herein as a "**holder**" or "**Certificateholder**").

(c) *Transfer*

Transfers of Certificates may be effected only in integral multiples of the Minimum Transferable Number of Certificates and (i) in the case of Certificates held through a relevant Clearing System, through such relevant Clearing System and (ii) as otherwise specified in the relevant Pricing Supplement. Title will pass upon registration of the transfer in the books of such relevant Clearing System, or as otherwise specified in the relevant Pricing Supplement.

2. Status

The Certificates are unsubordinated and unsecured obligations of the Issuer and rank *pari passu* and rateably without any preference among themselves and equally with all other unsubordinated and unsecured obligations of the Issuer from time to time outstanding (other than obligations preferred by mandatory operation of law).

3. Redemption and Payment

(a) *Payments on the Redemption Date*

Subject as provided in paragraph (d) below, the Issuer will (subject to General Condition 9) pay or cause to be paid on the Redemption Date the Redemption Amount in respect of each Certificate to the relevant Clearing System for credit to the Certificateholder's account for value on the Redemption Date. The Redemption Amount will be calculated as set out in the relevant Terms.

(b) *Interim payments*

In addition, if so specified in the relevant Pricing Supplement, the Issuer will pay or cause to be paid on such dates as may be specified therein such amounts as may be specified or determined in accordance with the provisions of such Pricing Supplement ("**Interim Payments**"). Such payments shall be made in the manner set out in paragraph (a) above.

(c) *Payment subject to applicable laws etc.*

Payment by the Issuer of any Redemption Amount or Interim Payment will be subject in all cases to all applicable fiscal and other laws, regulations and practices in force at the relevant time (including, without limitation, any relevant exchange control laws or regulations and the rules and procedures of the relevant Clearing System) and neither the Issuer nor any Certificate Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated after using all reasonable efforts, as a result of any such laws, regulations and practices. Neither the Issuer nor any Certificate Agent shall under any circumstances be liable for any acts or defaults of any Clearing System in the performance of its duties in relation to the Certificates.

(d) **Physical Settlement**

Where Physical Settlement is specified to be applicable in the relevant Pricing Supplement, subject to any conditions specified in the relevant Pricing Supplement, in lieu of paying the Redemption Amount, the Issuer shall discharge its payment obligation by delivery of the Underlying Asset Amount in accordance with the terms specified in the relevant Terms. For such purpose, "**Underlying Asset Amount**" means in relation to a Tranche, the amount of

Underlying Asset(s) as specified in the relevant Pricing Supplement, which may be delivered by the Delivery Agent on behalf of the relevant Issuer on the date specified in the relevant Pricing Supplement.

4. **Illegality**

The Issuer may terminate the Certificates if it has determined in good faith that the performance of its obligations thereunder or that any arrangement made to hedge its obligations thereunder has or will become unlawful, illegal or otherwise prohibited in whole or in part as a result of compliance by the Issuer with any applicable present or future law, rule, regulation, judgement, order or directive of any governmental, administrative, legislative or judicial authority or power, or any change in the interpretation thereof ("**applicable law**"). In such circumstances, the Issuer shall, however, if and to the extent permitted by applicable law, pay or cause to be paid to the account of the relevant Clearing System (or to the account of the relevant Certificateholders in such other manner as may be permitted by applicable law) in respect of each Certificate held by such Certificateholder an amount determined by the Issuer as representing the fair market value of such Certificate immediately prior to such termination (ignoring such unlawfulness, illegality or, as the case may be, other prohibition). Payment shall be made through the relevant Clearing System only and in such manner as shall be notified to the Certificateholders in accordance with the Conditions.

5. **Purchases by the Issuer**

The Issuer, any subsidiary and/or any Affiliate of the Issuer may at any time purchase Certificates at any price in the open market or by tender or private treaty. Any Certificates so purchased may be held or resold or surrendered for cancellation.

Reference to "Affiliate" includes any entity controlled, directly or indirectly, by the Issuer, any entity that controls, directly or indirectly, the Issuer and any entity under common control with the Issuer. As used herein, "control" means ownership of a majority of the voting power of the entity or, as the case may be, the Issuer and "controlled by" and "controls" shall be construed accordingly.

6. **Certificate Agents**

The Issuer reserves the right at any time to vary or terminate the appointment of any of the agents whose duties in relation to the Certificates are listed in the Agency Agreement (the "**Certificate Agents**"), provided that so long as any Certificate is outstanding, there shall be a Principal Certificate Agent. Notice of any termination of appointment and of any changes in the specified office of any of the Certificate Agents shall be given to Certificateholders in accordance with the Conditions. In acting under the Agency Agreement, the Certificate Agents shall act solely as agents of the Issuer and shall not assume any obligation or duty to or any relationship of agency or trust for or with, the Certificateholders.

7. **Further issues**

The Issuer may from time to time without the consent of the Certificateholders create and issue further certificates, so as to form a single issue with the Certificates, pursuant to a supplemental global certificate or by endorsement to the Global Certificate.

8. **Notices**

So long as any Certificates are held in or on behalf of a Clearing System, notices to the holders of such Certificates may be given by delivery of the relevant notice to that Clearing System for communication by it to entitled accountholders. Notices to the holders of Certificates may also be given by publication in the newspaper specified in the Pricing Supplement or such other leading newspaper of general circulation as the Issuer may determine. Any such notice shall be deemed to have been given on the weekday following such delivery or, where notices are so published, on the date of such publication or, if published more than once or on different dates, on the date of the first such publication.

Notices to be given by a Certificateholder shall (in the case of a Certificate not held in or on behalf of a Clearing System) be in writing and given by being lodged with a Certificate Agent. Where Certificates are held in or on behalf of a Clearing System, such notices may be given by the holder of a Certificate

through the relevant Clearing System in such manner as the relevant Clearing System may approve for this purpose together with confirmation from the Clearing System of the Certificateholder's holding of Certificates.

Where Certificates are held in or on behalf of a Clearing System but such Clearing System does not permit notices to be sent through it, such notices may be given by the relevant Certificateholder in writing by being lodged with a Certificate Agent, subject to the Certificateholder providing evidence from the Clearing System satisfactory to the Issuer of the Certificateholder's holding of Certificates.

9. Certificateholder Early Redemption Procedure

This General Condition only applies to Certificates in respect of which the relevant Terms specifies that Certificateholder Early Redemption is applicable.

(a) *Certificateholder Early Redemption Entitlement*

If the relevant Terms specifies that Certificateholder Early Redemption is applicable, a Certificateholder may require the Issuer to redeem Certificates held by such Certificateholder on a Certificateholder Early Redemption Notification Date (as specified in the relevant Terms) by payment from the Issuer on the relevant Redemption Date of the relevant Certificateholder Early Redemption Amount, provided that (unless otherwise specified in the relevant Terms) the relevant Redemption Date shall not fall less than 15 calendar days after the Certificateholder Early Redemption Notification Date.

(b) *Certificateholder Early Redemption*

To redeem Certificates early, a duly completed Certificateholder early redemption notice in the form and with the content prescribed by the relevant Clearing System through which the relevant Certificateholder redeems early its Certificates (a "**Certificateholder Early Redemption Notice**") must be delivered to that relevant Clearing System and a copy sent for information purposes to the Principal Certificate Agent or any additional or such other Certificate Agent as may be specified for such purpose in the relevant Terms on or prior to the Cut-off Time on any day that is a Certificateholder Early Redemption Notification Date (as specified in the relevant Terms).

"**Cut-off Time**" means in respect of the relevant Clearing System through which the relevant Certificate is held 9.00 a.m. (London time) or such other time or times as the Issuer may determine to be necessary in accordance with the operational procedures of the relevant Clearing System and notify to the Certificateholders in accordance with General Condition 8.

A Certificateholder Early Redemption Notice delivered after the relevant Cut-off Time the Certificateholder Early Redemption Notification Date shall be void.

Each Certificateholder Early Redemption Notice shall be deemed to constitute an irrevocable election and undertaking by the holder of the number of Certificates specified in it to redeem early such Certificates.

Failure to send a copy of the Certificateholder Early Redemption Notice to any relevant Certificate Agent will not affect the validity of the Certificateholder Early Redemption Notice and, in the case of any discrepancy between the Certificateholder Early Redemption Notice delivered to the relevant Clearing System and such copy, the terms of the Certificateholder Early Redemption Notice sent to the relevant Clearing System shall prevail.

(c) *Verification*

In accordance with its normal operating procedures, the relevant Clearing System is expected to verify that, according to its records, each person redeeming Certificates has Certificates in the amount being redeemed in its securities account with the relevant Clearing System on the Certificateholder Early Redemption Notification Date. If the relevant Clearing System determines that a Certificateholder Early Redemption Notice is improperly completed or the Clearing System determines that the relevant Certificateholder has insufficient Certificates in

the Clearing System account(s) specified on the Certificateholder Early Redemption Notification Date, the Certificateholder Early Redemption Notice will be treated as void.

(d) *Notification of Principal Certificate Agent*

The relevant Central Clearing System is expected to notify the Principal Certificate Agent, in accordance with its normal operating procedures, of (i) the number and details of Certificates being redeemed early, and (ii) details of the account to which the relevant Redemption Amount is to be credited. If the Central Clearing System fails so to notify the Principal Certificate Agent the Certificateholder Early Redemption Notice shall be void unless the Central Clearing System so notifies the Principal Certificate Agent by 12.00 noon (London time) on the third Exchange Business Day after the Certificateholder Early Redemption Notification Date.

(e) *Debit of Certificateholder's Account*

The relevant Clearing System is expected on the relevant Redemption Date, in accordance with its normal operating procedures, to debit the relevant account of the Certificateholder with the Certificate(s) being redeemed early.

(f) *Certificateholder Early Redemption subject to applicable laws etc.*

Early redemption of the Certificates and payment by the Issuer of any Certificateholder Early Redemption Amount will be subject in all cases to all applicable fiscal and other laws, regulations and practices in force at the relevant time (including, without limitation, any relevant exchange control laws or regulations and the rules and procedures of the relevant Clearing System) and neither the Issuer nor any Certificate Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated after using all reasonable efforts, as a result of any such laws, regulations and practices. Neither the Issuer nor any Certificate Agent shall under any circumstances be liable for any acts or defaults of any Clearing System in the performance of its duties in relation to the Certificates.

(g) *Determinations*

Any determination as to whether a Certificateholder Early Redemption Notice is duly completed and in proper form shall be made by the relevant Clearing System, and shall be conclusive and binding on the Issuer, the Certificate Agents and the relevant Certificateholder.

(h) *Effect of Certificateholder Early Redemption Notice*

Delivery of a Certificateholder Early Redemption Notice shall constitute an irrevocable election and undertaking by the Certificateholder to redeem early the Certificates specified therein, provided that the person redeeming early and delivering such Certificateholder Early Redemption Notice is the person then appearing in the books of the relevant Clearing System as the holder of the relevant Certificates. If the person redeeming early and delivering the Certificateholder Early Redemption Notice is not the person so appearing, such Certificateholder Early Redemption Notice shall for all purposes be void.

After the delivery of a Certificateholder Early Redemption Notice (other than a Certificateholder Early Redemption Notice which shall have become void) the Certificateholder specified in such Certificateholder Early Redemption Notice may not otherwise transfer such Certificates. Notwithstanding this, if any Certificateholder does so transfer or attempts to transfer such Certificates, the Certificateholder will be liable to the Issuer for any losses, costs and expenses suffered or incurred by the Issuer including those suffered or incurred as a consequence of it having terminated any related hedging operations in reliance on the relevant Certificateholder Early Redemption Notice and subsequently (i) entering into replacement hedging operations in respect of such Certificates or (ii) paying any amount on the subsequent early redemption of such Certificates without having entered into any replacement hedging operations.

10. Calculations and Determinations

Neither the Issuer nor the Calculation Agent (if any) shall have any responsibility for good faith errors or omissions in their calculations and determinations as provided in the Conditions, whether caused by negligence or otherwise. The calculations and determinations of the Issuer or Calculation Agent (if any) shall be made in accordance with the Conditions having regard in each case to the criteria stipulated herein and (where relevant) on the basis of information provided to or obtained by employees or officers of the Issuer or Calculation Agent (if any) responsible for making the relevant calculation or determination and shall, in the absence of manifest error, be final, conclusive and binding on Certificateholders.

11. Taxation

The Issuer is not liable for or otherwise obliged to pay, and the relevant Certificateholder shall pay, any tax, duty, charges, withholding or other payment which may arise as a result of, or in connection with, the ownership, transfer, redemption or enforcement of any Certificate, including, without limitation, the payment of any Redemption Amount or Interim Payment. The Issuer shall have the right, but not the duty, to withhold or deduct from any amount payable to the Certificateholder, such amount as is necessary (i) for the payment of any such taxes, duties, charges, withholdings or other payments, (ii) any withholding taxes imposed by the United States or a political subdivision thereof or (iii) for effecting reimbursement to the Issuer for any payment by it of any tax, duty, charge, withholding or other payment referred to in this General Condition. The Issuer shall not be obliged to make any payment to a Certificateholder to compensate them for such withholding or deduction.

12. Modification

The Issuer may from time to time modify and amend the Conditions of the Certificates or the Agency Agreement, in each case without the consent of the Certificateholders, in such manner as the Issuer deems necessary or desirable, if the modification or amendment:

- (i) is of a formal, minor or technical nature; or
- (ii) is made to cure a manifest or proven error; or
- (iii) is made to cure any ambiguity; or is made to correct or supplement any defective provisions of the Certificates or the Agency Agreement (as applicable); or
- (iv) will not materially and adversely affect the interests of the Certificateholders.

Any such modification or amendment shall take effect in accordance with its terms and be binding on the holders, and shall be notified to the Certificateholders in accordance with General Condition 8 as soon as practicable (but failure to give such notice, or non-receipt thereof, shall not affect the validity of such modification or amendment).

13. Substitution of the Issuer

The Issuer, or any previous substituted company, may at any time, without the consent of the Certificateholders, substitute for itself as principal obligor under the Certificates any company (the "**Substitute**"), being any Affiliate of the Issuer or another company with which it consolidates, into which it merges or to which it sells, leases, transfers or conveys all or substantially all its property, subject to:

- (i) where the Substitute is an Affiliate of the Issuer, the Substitute having a long-term unsecured debt rating equal to or higher than that of the Issuer given by Moody's Investors Service, Inc. (or an equivalent rating from another internationally recognised rating agency) or having the benefit of a guarantee from the Issuer or another Affiliate of the Issuer with such a debt rating;
- (ii) all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Certificates represent legal, valid and binding obligations of the Substitute having been taken, fulfilled and done and being in full force and effect;

- (iii) the Issuer shall have given at least 30 days' prior notice of the date of such substitution to the Certificateholders in accordance with General Condition 8.

In the event of any substitution of the Issuer, any reference in the Conditions to the Issuer shall thenceforth be construed as a reference to the Substitute.

"**Affiliate**" means any entity controlled, directly or indirectly by the Issuer, any entity that controls, directly or indirectly, the Issuer and any entity under common control with the Issuer.

The Issuer shall also have the right upon notice to Certificateholders in accordance with General Condition 8 to change the office through which it is acting for the purpose of the Certificates, the date of such change to be specified in such notice provided that no change can take place prior to the giving of such notice.

The Issuer shall have received an opinion of counsel concluding that payments on the Certificates will not be subject to US withholding tax (other than US withholding tax that can be avoided by satisfying certain identification and certification requirements). Any such opinion shall be in form and substance satisfactory to the Issuer in its sole and absolute discretion and from counsel chosen by the Issuer, and shall not be addressed or delivered to, and may not be relied upon, by the Holders or any other party.

14. **Third Parties**

No person shall have any right to enforce any term or condition of the Certificates under the Contracts (Rights of Third Parties) Act 1999.

15. **Miscellaneous Definitions**

References to "**AUD**" are to Australian dollars, references to "**CAN**" are to Canadian dollars, references to "**DKr**" are to Danish Krone, references to "**EUR**" and "**€**" are to euro, references to "**GBP**" and "**£**" are to pounds sterling, references to "**HK\$**" and "**HKD**" are to Hong Kong dollars, references to "**JPY**" and "**¥**" are to Japanese yen, references to "**Nkr**" and "**NOK**" are to Norwegian Kroner, references to "**SKr**" are to Swedish Kronor, references to "**CHF**" and "**Sfr**" are to Swiss Francs, references to "**SGD**" and "**S\$**" are to Singapore dollars and references to "**USD**" and "**U.S.\$**" are to United States dollars.

16. **Governing Law and Jurisdiction**

The Agency Agreement and the Certificates and any non-contractual matters arising out of or in connection with the Agency Agreement and the Certificates are governed by, and shall be construed in accordance with, English law.

The Issuer irrevocably agrees for the exclusive benefit of the Certificateholders that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Certificates (including their formation) and that accordingly any suit, action or proceedings arising out of or in connection therewith (together referred to as "**Proceedings**") may be brought in the courts of England.

The Issuer irrevocably and unconditionally waives and agrees not to raise any objection which it may have now or subsequently to the laying of the venue of any Proceedings in the courts of England and any claim that any Proceedings have been brought in an inconvenient forum and irrevocably and unconditionally agrees that a judgment in any Proceedings brought in the courts of England shall be conclusive and binding upon the Issuer and may be enforced in the courts of any other jurisdiction. Nothing in this General Condition 16 shall limit any right to take Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

FORM OF PRICING SUPPLEMENT FOR CERTIFICATES

The following is the pro forma pricing supplement for general issues of Certificates under the Programme.

[Credit Suisse AG, acting through its London Branch / Credit Suisse International]

This Pricing Supplement is supplemental to the Programme Memorandum dated 17 June 2011 relating to the Unlisted Securities Programme of Credit Suisse AG, acting through its London Branch and Credit Suisse International (whichever is specified to be the Issuer in this Pricing Supplement, the "**Issuer**").

[TITLE OF ISSUE]

Issue Price: [●]

Pricing Supplement dated [●]

This Pricing Supplement is supplemental to, and should be read and construed in conjunction with, the Programme Memorandum[, the relevant Product Supplement(s) *[delete if not applicable; specify if applicable]* and all [other] documents which are incorporated by reference therein.

Terms defined in the Programme Memorandum have the same meaning in this Pricing Supplement.

In the event of any inconsistency between the Pricing Supplement Terms and the General Conditions, the Pricing Supplement Terms will prevail.

[References to [CURRENCY SYMBOL] are to [SPECIFY CURRENCY].]

INVESTMENT CONSIDERATIONS

[INSERT CONSIDERATIONS SPECIFIC TO ISSUE]

TERMS OF THE CERTIFICATES

Except as set out below, the Certificates will be subject to the General Conditions set out in the Programme Memorandum and also to the following Pricing Supplement Terms:

“Not Applicable” means an item is not applicable at the date of this Pricing Supplement, subject to amendment as provided in the Conditions. Italics in the left column denote a brief explanation of the Pricing Supplement Terms. Words in italics do not form any part of the Pricing Supplement Terms.

- | | | |
|-----|--|--|
| 1. | Issuer: | [Credit Suisse AG, acting through its London Branch/Credit Suisse International] |
| 2. | Title: | [●] |
| 3. | Number of Certificates: | [●] |
| 4. | Type of Certificates: | [●] [Not Applicable] |
| 5. | Minimum Transferable Number: | [●] |
| | <i>(Minimum number of Certificates which can be transferred)</i> | |
| 6. | Issue Date: | [●] |
| 7. | Issue Price: | [●] per Certificate |
| 8. | Redemption Amount:
<i>(Payable by the Issuer on the Redemption Date)</i> | The Redemption Amount in respect of each Certificate will be [●] [set out formula and related definitions for calculating the Redemption Amount] |
| 9. | Settlement Currency:
<i>(The currency in which the Redemption Amount and Interim Payment(s) will be paid)</i> | [●] |
| 10. | Redemption Date:
<i>(Date on which the Redemption Amount will be paid)</i> | [●] ⁴ |
| 11. | Underlying Asset(s): | [●] |
| 12. | Physical Settlement: | [Applicable/Not Applicable] |
| 13. | Currency-linked Certificates: | [Applicable/Not Applicable]

<i>[Specify relevant Currency provisions, adjustments and market disruptions as applicable]</i> |
| 14. | Share-linked Certificates: | [Applicable/Not Applicable/ As set out in the Schedule hereto]

<i>[Specify relevant Share provisions, adjustments and market disruptions as applicable]</i> |
| 15. | Index-linked Certificates: | [Applicable/Not Applicable]

<i>[Specify relevant Index provisions, adjustments and market disruptions as applicable]</i> |

⁴ The Redemption Date shall not be scheduled to fall after 31 December 2012.

16. Other Variable-linked Certificates: [Applicable/Not Applicable]
[Specify relevant Underlying Asset provisions, adjustments and market disruptions as applicable]
17. Additional or other Certificate Agent(s) and specified office(s), in addition to the Principal Certificate Agent: [●] [Not Applicable]
18. Securities Codes and Ticker Symbols
- ISIN: [●] [Not Applicable]
- Common Code: [●] [Not Applicable]
- [●] [●]
19. Clearing and Trading
- Clearing System(s): [Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme, Luxembourg] *[Other – Specify any National Clearing Systems if applicable]*
20. Additional definition of “Certificateholder”: *(For the purposes of General Condition 1(b) in the case of National Clearance Systems)* [●] [Not Applicable]
21. Additional provisions relating to transfer: *(For the purposes of General Condition 1(c) in the case of National Clearance Systems)* [●] [Not Applicable]
22. Names of Dealers/Selling Agents: [Credit Suisse (Securities) Europe Limited] [Credit Suisse International] *[Other]*
23. Certificateholder Early Redemption: [Applicable] [Not Applicable]
24. Certificateholder Early Redemption Notification Date: [●] [Not Applicable]
25. Certificateholder Early Redemption Reference Date: [●] [Not Applicable]
26. Certificateholder Early Redemption Amount: [The Redemption Amount] [●] *[set out formula and related definitions for calculating the Certificateholder Early Redemption Amount]* [Not Applicable]
27. Additional Provisions: [Not Applicable]
[Specify any other applicable provisions]

Signed on behalf of the Issuer:

By: _____

Duly authorised

By: _____

Duly authorised

SCHEDULE

[If desired or applicable in respect of share linked Certificates]

GENERAL TERMS AND CONDITIONS OF THE WARRANTS

The following is the text of the general terms and conditions which, subject to the provisions of (if any) the relevant Product Supplement and Pricing Supplement, will apply to the Warrants. References in the Conditions to "Warrants" are to the Warrants of one Series only, not to all Warrants that may be issued under the Programme. Definitions used in these General Terms and Conditions of the Warrants shall not apply to any other General Terms and Conditions contained in this Programme Memorandum.

In relation to the Warrants, Credit Suisse AG, acting through its London branch ("**CS**") and Credit Suisse International ("**CSI**") have executed an Agency Agreement dated 1 July 2010 (as amended and/or restated and/or supplemented from time to time, the "**Agency Agreement**"), with Citigroup Global Markets Deutschland AG & Co. KGaA as principal warrant agent (the "**Principal Warrant Agent**" which expression shall include, wherever the context so admits, any successor principal warrant agent), and the other agents named therein. The Warrantholders (as defined in General Condition 1) are deemed to have notice of all the provisions of the Agency Agreement applicable to them. CS has executed a general deed of covenant by deed poll dated 19 November 2009 and CSI has executed a general deed of covenant by deed poll dated 1 July 2010 (as amended and/or supplemented as at the Issue Date, each a "**Deed of Covenant**") in favour of Warrantholders from time to time in respect of Warrants issued from time to time under the Programme under which it has agreed to comply with the terms of all such Warrants. Whichever of CS or CSI is specified to be the Issuer in the relevant Pricing Supplement is the "**Issuer**". Copies of the Agency Agreement (including the form of global warrant referred to below) and each Issuer's Deed of Covenant are, and, so long as any Warrant remains outstanding, will be available for inspection during normal business hours at the specified office of the Principal Warrant Agent.

In these general terms and conditions (the "**General Conditions**" and together with the Terms, as defined below, the "**Conditions**") references to the "**Central Clearing System(s)**" are to Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"); references to "**National Clearing System(s)**" are to other clearing systems (if any) as may be specified in the relevant Pricing Supplement or notified to Warrantholders in accordance with General Condition 9; and references to a "**Clearing System**" shall be to a Central Clearing System or a National Clearing System, as the case may be, and shall include its respective successors and assigns.

The amount payable or deliverable on the Warrants may be linked to one or more "**Underlying Asset(s)**" as shall be specified in the relevant Pricing Supplement.

The Warrants of any series (a "**Series**") and of any tranche (a "**Tranche**") comprising, together with another Tranche or other Tranches, a Series, are subject to these General Conditions, as modified and/or supplemented by the terms of (if any) the relevant product supplement (each a "**Product Supplement**") relating to the relevant Warrants (the "**Product Terms**") and the terms of the relevant Pricing Supplement (each a "**Pricing Supplement**") relating to the relevant Warrants (the "**Pricing Supplement Terms**" and together with the Product Terms (if any), the "**Terms**"). The relevant Pricing Supplement will be appended to the global warrant representing the relevant Warrants (the "**Global Warrant**"). For the avoidance of doubt, a Product Supplement may not be prepared in respect of some or all of the Warrants, in which case all references in these General Conditions in relation to such Warrants to "Product Supplement" and "Product Terms" shall be disregarded.

Expressions used herein and not defined shall have the meaning given to them in the relevant Terms. In the event of any inconsistency between the General Conditions and (if any) the Product Terms, the Product Terms will prevail. In the event of any inconsistency between the Pricing Supplement Terms, the General Conditions, and (if any) the Product Terms, the Pricing Supplement Terms will prevail. Reference to "**Conditions**" are to the General Conditions as supplemented or amended by (if any) the Product Terms and the Pricing Supplement Terms.

1. Form, Title and Transfer

(a) Form

The Warrants shall be represented at all times by the Global Warrant deposited outside the United Kingdom with a common depository for the Central Clearing Systems. Warrants in definitive form shall not be issued.

(b) Title

Each person for the time being appearing in the books of the relevant Clearing System(s) as the holder of a Warrant (other than one Clearing System to the extent that it appears on the books of another Clearing System) or such other person as may be specified as a Warrantholder in the relevant Pricing Supplement, shall be treated for all purposes by the Issuer, the Warrant Agents and the relevant Clearing System(s) as the holder thereof, notwithstanding any notice to the contrary (each such person being referred to herein as a "**holder**" or "**Warrantholder**").

(c) Transfer

Transfers of Warrants may be effected only in integral multiples of the Minimum Transferable Number of Warrants and in the case of Warrants held through a relevant Clearing System through such relevant Clearing System and as otherwise specified in the relevant Pricing Supplement. Title will pass upon registration of the transfer in the books of such relevant Clearing System or as otherwise specified in the relevant Pricing Supplement.

2. Status

The Warrants are unsubordinated and unsecured obligations of the Issuer and rank *pari passu* and ratably without any preference among themselves and equally with all other unsubordinated and unsecured obligations of the Issuer from time to time outstanding (other than obligations preferred by mandatory operation of law).

3. Exercise Rights**(a) Exercise of Warrants****(i) Automatic Exercise**

Each Warrant shall (unless, if American Style applies, previously exercised) be deemed to have been automatically exercised on the Expiration Date (subject to prior termination or cancellation of the Warrants in accordance with General Conditions 5 and 6 or in any relevant Product Supplement or Pricing Supplement), and the Exercise Date for such Warrants will be the Expiration Date.

(ii) American Style

The following applies only to Warrants specified to be American Style:

Each Warrant is exercisable (subject to General Conditions 3(a)(i) and 4), free of charge on any Exercise Business Day during the period from, but excluding, the Issue Date to, and including, the Exercise Business Day before the Expiration Date (the "**Exercise Period**") subject to prior termination or cancellation of the Warrants as provided in General Conditions 5 and 6 or in any relevant Product Supplement or Pricing Supplement.

The Warrants may be exercised only in the Minimum Exercise Number and an Exercise Notice (as defined in General Condition 4(a)) that purports to exercise Warrants in a number smaller than the Minimum Exercise Number shall be void.

If a Maximum Exercise Number is specified in the relevant Pricing Supplement, then if, other than in the case of the Expiration Date, the Issuer determines that the Valuation Date (or if more than one, the initial Valuation Date) of more than the Maximum Exercise Number of Warrants would, except as a consequence of this provision otherwise fall on the same date, the Issuer may deem the Valuation Date (or if more than one, the initial Valuation Date) for the Maximum Exercise Number of such Warrants to be the originally applicable Valuation Date for such Warrants, and the relevant Valuation Date for the remainder of such Warrants to be (subject to provisions in the relevant Product Supplement (if any) relating to Market Disruption Events) the

next Exchange Business Day following the originally applicable Valuation Date. The order of receipt by the Principal Warrant Agent of the notifications to it under General Condition 4(c) shall govern the priority of Warrants for selection by the Issuer for their respective Valuation Dates being moved to the next Exchange Business Day, in the case of the Valuation Date of more than the Maximum Exercise Number of Warrants occurring on the same date, as set out above. The Issuer may, however, at any time, in its discretion, accept more than the Maximum Exercise Number of Warrants in respect of any day.

(b) **Entitlement on exercise of Warrants**

Warrants which have been duly exercised or deemed exercised entitle the relevant Warrantholder to require the Issuer to pay, subject to the Conditions of the Warrants, the Settlement Amount in respect of such Warrants in the Settlement Currency on the Settlement Date in accordance with the Conditions.

(c) **Settlement Amount**

Subject as provided in paragraph (d) below, the Settlement Amount will be calculated as set out in the relevant Terms.

(d) **Physical Settlement**

Where Physical Settlement is specified to be applicable in the relevant Pricing Supplement, subject to any conditions specified in the relevant Pricing Supplement, in lieu of paying the Settlement Amount, the Issuer shall discharge its payment obligation by delivery of the Underlying Asset Amount in accordance with the terms specified in the relevant Terms. For such purpose, "**Underlying Asset Amount**" means in relation to a Tranche, the amount of Underlying Asset(s) as specified in the relevant Pricing Supplement, which may be delivered by the Delivery Agent on behalf of the relevant Issuer on the date specified in the relevant Pricing Supplement.

4. Exercise Procedure

This General Condition 4 only applies to Warrants to which American Style is specified to apply in the relevant Terms.

(a) **Exercise Notice**

To exercise Warrants, a duly completed exercise notice in the form and with the content proscribed by the relevant Clearing System through which the relevant Warrantholder exercises its Warrants (an "**Exercise Notice**") must be delivered to that relevant Clearing System and a copy sent for information purposes to the Principal Warrant Agent or such other Warrant Agent as may be specified for such purpose in the relevant Terms on any day during the Exercise Period.

The day within the Exercise Period upon which a duly completed Exercise Notice is delivered (or deemed delivered) to the relevant Clearing System shall be the "Exercise Date" provided that if it is not received by the relevant Clearing System by the relevant Cut-off Time on that day or if that day is not an Exercise Business Day, the next following Exercise Business Day shall be the Exercise Date.

"**Cut-off Time**" means in respect of the relevant Clearing System through which the relevant Warrant is held 9.00 a.m. (London time) or any other time specified in the relevant Terms in respect of that Clearing System or such other time or times as the Issuer may determine to be necessary in accordance with the operational procedures of the relevant Clearing System and notify to the Warrantholders in accordance with General Condition 9.

An Exercise Notice delivered after the relevant Cut-off Time on the Exercise Business Day before the Expiration Date shall be void.

Each Exercise Notice shall be deemed to constitute an irrevocable election and undertaking by the holder of the number of Warrants specified in it to exercise such Warrants.

Failure to send a copy of the Exercise Notice to any Warrant Agent will not affect the validity of the Exercise Notice and, in the case of any discrepancy between the Exercise Notice delivered to the relevant Clearing System and such copy, the terms of the Exercise Notice sent to the relevant Clearing System shall prevail.

(b) Verification

In accordance with its normal operating procedures, the relevant Clearing System is expected to verify that, according to its records, each person exercising Warrants has Warrants in the amount being exercised in its securities account with the relevant Clearing System on the Exercise Date. If the relevant Clearing System determines that an Exercise Notice is improperly completed or the Clearing System determines that the relevant Warrantholder has insufficient Warrants in the Clearing System account(s) specified on the Exercise Date, the Exercise Notice will be treated as void and a new duly completed Exercise Notice must be submitted by the relevant Cut-off Time on the Exercise Business Day before the Expiration Date if exercise of the holder's Warrants is still desired and possible.

(c) Notification of Principal Warrant Agent

The relevant Central Clearing System is expected to notify the Principal Warrant Agent, in accordance with its normal operating procedures, of (i) the number and details of Warrants being exercised, and (ii) details of the account to which the relevant Settlement Amount is to be credited. If the Central Clearing System fails so to notify the Principal Warrant Agent the Exercise Notice shall be void unless the Central Clearing System so notifies the Principal Warrant Agent by 12.00 noon. (London time) on the third Exercise Business Day after the Exercise Date in which event, except in relation to an Exercise Date falling on the Expiration Date, the Exercise Date shall be the day on which such notification is made.

(d) Debit of Warrantholder's Account

The relevant Clearing System is expected on or before the Settlement Date, in accordance with its normal operating procedures, to debit the relevant account of the Warrantholder with the Warrants being exercised.

(e) Exercise subject to applicable laws etc.

Exercise of the Warrants and payment by the Issuer of any Settlement Amount will be subject in all cases to all applicable fiscal and other laws, regulations and practices in force at the relevant time (including, without limitation, any relevant exchange control laws or regulations and the rules and procedures of the relevant Clearing System) and neither the Issuer nor any Warrant Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated after using all reasonable efforts, as a result of any such laws, regulations and practices. Neither the Issuer nor any Warrant Agent shall under any circumstances be liable for any acts or defaults of any Clearing System in the performance of its duties in relation to the Warrants.

(f) Determinations

Any determination as to whether an Exercise Notice is duly completed and in proper form shall be made by the relevant Clearing System, and shall be conclusive and binding on the Issuer, the Warrant Agents and the relevant Warrantholder.

(g) Effect of Exercise Notice

Delivery of an Exercise Notice shall constitute an irrevocable election and undertaking by the Warrantholder to exercise the Warrants specified therein, provided that the person exercising and delivering such Exercise Notice is the person then appearing in the books of the relevant Clearing System as the holder of the relevant Warrants. If the person exercising and delivering

the Exercise Notice is not the person so appearing, such Exercise Notice shall for all purposes be void.

After the delivery of an Exercise Notice (other than an Exercise Notice which shall have become void), the Warrantholder specified in such Exercise Notice may not otherwise transfer such Warrants. Notwithstanding this if any Warrantholder does so transfer or attempts to transfer such Warrants, the Warrantholder will be liable to the Issuer for any losses, costs and expenses suffered or incurred by the Issuer including those suffered or incurred as a consequence of it having terminated any related hedging operations in reliance on the relevant Exercise Notice and subsequently (i) entering into replacement hedging operations in respect of such Warrants or (ii) paying any amount on the subsequent exercise of such Warrants without having entered into any replacement hedging operations.

(h) **Expiry of Warrants**

Any Warrant in respect of which a duly completed Exercise Notice has not been delivered in accordance with this General Condition 4 by the relevant Cut-off Time on the Exercise Business Day before the Expiration Date shall be deemed to have been exercised on the Expiration Date.

5. Illegality

The Issuer may terminate the Warrants if it has determined in good faith that the performance of its obligations thereunder or that any arrangement made to hedge its obligations thereunder has or will become unlawful, illegal or otherwise prohibited in whole or in part as a result of compliance by the Issuer with any applicable present or future law, rule, regulation, judgement, order or directive of any governmental, administrative, legislative or judicial authority or power, or any change in the interpretation thereof ("**applicable law**"). In such circumstances, the Issuer shall, however, if and to the extent permitted by applicable law, pay or cause to be paid to the account of the relevant Clearing System (or to the account of the relevant Warrantholders in such other manner as may be permitted by applicable law) in respect of each Warrant held by such Warrantholder an amount determined by the Issuer as representing the fair market value of such Warrant immediately prior to such termination (ignoring such unlawfulness, illegality or, as the case may be, other prohibition). Payment shall be made through the relevant Clearing System only and in such manner as shall be notified to the Warrantholders in accordance with the Conditions.

6. Purchases by the Issuer

The Issuer and any subsidiary and/or Affiliate of the Issuer may at any time purchase Warrants at any price in the open market or by tender or private treaty. Any Warrants so purchased may be held or resold or surrendered for cancellation.

Reference to "Affiliate" includes any entity controlled, directly or indirectly, by the Issuer, any entity that controls, directly or indirectly, the Issuer and any entity under common control with the Issuer. As used herein, "control" means ownership of a majority of the voting power of the entity or, as the case may be, the Issuer and "controlled by" and "controls" shall be construed accordingly.

7. Warrant Agents

The Issuer reserves the right at any time to vary or terminate the appointment of any of the agents whose duties in relation to the Warrants are listed in the Agency Agreement (the "**Warrant Agents**"), provided that so long as any Warrant is outstanding, there shall be a Principal Warrant Agent. Notice of any termination of appointment and of any changes in the specified office of any of the Warrant Agents shall be given to Warrantholders in accordance with the Conditions. In acting under the Agency Agreement, the Warrant Agents shall act solely as agents of the Issuer and shall not assume any obligation or duty to or any relationship of agency or trust for or with, the Warrantholders.

8. Further Issues

The Issuer may from time to time without the consent of the Warrantheolders create and issue further warrants, so as to form a single issue with the Warrants, pursuant to a supplemental global warrant or by endorsement to the Global Warrant.

9. Notices

So long as any Warrants are held in or on behalf of a Clearing System, notices to the holders of such Warrants may be given by delivery of the relevant notice to that Clearing System for communication by it to entitled accountholders. Notices to the holders of Warrants may also be given by publication in the newspaper specified in the Pricing Supplement or such other leading newspaper of general circulation as the Issuer may determine. Any such notice shall be deemed to have been given on the weekday following such delivery or, where notices are so published, on the date of such publication or, if published more than once or on different dates, on the date of the first such publication.

Notices to be given by a Warrantheolder shall (in the case of a Warrant not held in or on behalf of a Clearing System) be in writing and given by being lodged with a Warrant Agent. Where Warrants are held in or on behalf of a Clearing System, such notices may be given by the holder of a Warrant through the relevant Clearing System in such manner as the relevant Clearing System may approve for this purpose together with confirmation from the Clearing System of the Warrantheolder's holding of Warrants.

Where Warrants are held in or on behalf of a Clearing System but such Clearing System does not permit notices to be sent through it, such notices may be given by the relevant Warrantheolder in writing by being lodged with a Warrant Agent, subject to the Warrantheolder providing evidence from the Clearing System satisfactory to the Issuer of the Warrantheolder's holding of Warrants.

10. Calculations and Determinations

Neither the Issuer nor the Calculation Agent (if any) shall have any responsibility for good faith errors or omissions in their calculations and determinations as provided in the Conditions, whether caused by negligence or otherwise. The calculations and determinations of the Issuer or Calculation Agent (if any) shall be made in accordance with the Conditions having regard in each case to the criteria stipulated herein and (where relevant) on the basis of information provided to or obtained by employees or officers of the Issuer or Calculation Agent (if any) responsible for making the relevant calculation or determination and shall, in the absence of manifest error, be final, conclusive and binding on Warrantheolders.

11. Taxation

The Issuer is not liable for or otherwise obliged to pay, and the relevant Warrantheolder shall pay, any tax, duty, charges, withholding or other payment which may arise as a result of, or in connection with, the ownership, transfer, exercise or enforcement of any Warrant, including, without limitation, the payment of any Settlement Amount. The Issuer shall have the right, but not the duty, to withhold or deduct from any amount payable to the Warrantheolder, such amount as is necessary (i) for the payment of any such taxes, duties, charges, withholdings or other payments, (ii) any withholding taxes imposed by the United States or a political subdivision thereof or (iii) for effecting reimbursement to the Issuer for any payment by it of any tax, duty, charge, withholding or other payment referred to in this General Condition. The Issuer shall not be obliged to make any payment to a Warrantheolder to compensate them for such withholding or deduction.

12. Modification

The Issuer may from time to time modify and amend the Conditions of the Warrants or the Agency Agreement, in each case without the consent of the Warrantheolders, in such manner as the Issuer deems necessary or desirable, if the modification or amendment:

- (i) is of a formal, minor or technical nature; or
- (ii) is made to cure a manifest or proven error; or

- (iii) is made to cure any ambiguity; or is made to correct or supplement any defective provisions of the Warrants or the Agency Agreement (as applicable); or
- (iv) will not materially and adversely affect the interests of the Warrantheolders.

Any such modification or amendment shall take effect in accordance with its terms and be binding on the Holders, and shall be notified to the Warrantheolders in accordance with General Condition 9 as soon as practicable (but failure to give such notice, or non-receipt thereof, shall not affect the validity of such modification or amendment).

13. Substitution of the Issuer

The Issuer, or any previous substituted company, may at any time, without the consent of the Warrantheolders, substitute for itself as principal obligor under the Warrants any company (the "**Substitute**"), being any Affiliate of the Issuer or another company with which it consolidates, into which it merges or to which it sells, leases, transfers or conveys all or substantially all its property, subject to:

- (i) where the Substitute is an Affiliate of the Issuer, the Substitute having a long-term unsecured debt rating equal to or higher than that of the Issuer given by Moody's Investors Service, Inc. (or an equivalent rating from another internationally recognised rating agency) or having the benefit of a guarantee from the Issuer or another Affiliate of the Issuer with such a debt rating;
- (ii) all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Warrants represent legal, valid and binding obligations of the Substitute having been taken, fulfilled and done and being in full force and effect;
- (iii) the Issuer shall have given at least 30 days' prior notice of the date of such substitution to the Warrantheolders in accordance with General Condition 9.

In the event of any substitution of the Issuer, any reference in the Conditions to the Issuer shall thenceforth be construed as a reference to the Substitute.

"**Affiliate**" means any entity controlled, directly or indirectly by the Issuer, any entity that controls, directly or indirectly, the Issuer and any entity under common control with the Issuer.

The Issuer shall also have the right upon notice to Warrantheolders in accordance with General Condition 9 to change the office through which it is acting for the purpose of the Warrants, the date of such change to be specified in such notice provided that no change can take place prior to the giving of such notice.

The Issuer shall have received an opinion of counsel concluding that payments on the Notes will not be subject to US withholding tax (other than US withholding tax that can be avoided by satisfying certain identification and certification requirements). Any such opinion shall be in form and substance satisfactory to the Issuer in its sole and absolute discretion and from counsel chosen by the Issuer, and shall not be addressed or delivered to, and may not be relied upon, by the Holders or any other party.

14. Third Parties

No person shall have any right to enforce any term or condition of the Warrants under the Contracts (Rights of Third Parties) Act 1999.

15. Miscellaneous Definitions

References to "**AUD**" are to Australian dollars, references to "**CAN**" are to Canadian dollars, references to "**DKr**" are to Danish Krone, references to "**EUR**" and "**€**" are to euro, references to "**GBP**" and "**£**" are to pounds sterling, references to "**HK\$**" and "**HKD**" are to Hong Kong dollars, references to "**JPY**" and "**¥**" are to Japanese yen, references to "**SKr**" are to Swedish Kronor, references to "**Sfr**" and "**CHF**" are to Swiss Francs, references to "**SGD**" and "**S\$**" are to Singapore dollars and references to "**USD**" and "**U.S.\$**" are to United States dollars.

16. Governing Law

The Agency Agreement and the Warrants and any non-contractual matters arising out of or in connection with the Agency Agreement and the Warrants are governed by, and shall be construed in accordance with, English law.

The Issuer irrevocably agrees for the exclusive benefit of the Warrantholders that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Warrants (including their formation) and that accordingly any suit, action or proceedings arising out of or in connection therewith (together referred to as "**Proceedings**") may be brought in the courts of England.

The Issuer irrevocably and unconditionally waives and agrees not to raise any objection which it may have now or subsequently to the laying of the venue of any Proceedings in the courts of England and any claim that any Proceedings have been brought in an inconvenient forum and irrevocably and unconditionally agrees that a judgment in any Proceedings brought in the courts of England shall be conclusive and binding upon the Issuer and may be enforced in the courts of any other jurisdiction. Nothing in this General Condition 16 shall limit any right to take Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

FORM OF PRICING SUPPLEMENT FOR WARRANTS

The following is the pro forma pricing supplement for issues of Warrants under the Programme

[Credit Suisse AG, acting through its London Branch / Credit Suisse International]

This Pricing Supplement is supplemental to the Programme Memorandum dated 17 June 2011 relating to the Unlisted Securities Programme of Credit Suisse AG, acting through its London Branch and Credit Suisse International (whichever is specified to be the Issuer in this Pricing Supplement, the "**Issuer**").

[TITLE OF ISSUE]

Issue Price: [●]

Pricing Supplement dated [●]

This Pricing Supplement is supplemental to, and should be read and construed in conjunction with, the Programme Memorandum, (if any) the relevant Product Terms, [the relevant Local Supplement(s) *delete if not applicable; specify if applicable*] and all other documents which are incorporated by reference therein.

Terms defined in the Programme Memorandum have the same meaning in this Pricing Supplement.

In the event of any inconsistency between the General Conditions and (if any) the Product Terms, the Product Terms will prevail. In the event of any inconsistency between the Pricing Supplement Terms, the General Conditions, (if any) the Product Terms, the Pricing Supplement Terms will prevail.

[References to [CURRENCY SYMBOL] are to [SPECIFY CURRENCY].] ⁵

⁵ Delete if the relevant currency is referenced in General Condition 15

INVESTMENT CONSIDERATIONS

[INSERT CONSIDERATIONS SPECIFIC TO ISSUE]

Pricing Supplement Terms

"Not Applicable" means an item is not applicable at the date of this Pricing Supplement, subject to amendment as provided in the Conditions. Italics in the left column denote a brief explanation of the Pricing Supplement Terms. Words in italics do not form any part of the Pricing Supplement.

- | | | |
|-----|---|---|
| 1. | Issuer: | [Credit Suisse AG, acting through its London Branch/Credit Suisse International] |
| 2. | Title: | [●] |
| 3. | Number of Warrants: | [Up to] [●] |
| 4. | Type of Warrants: | [Put/Call/OTHER] |
| 5. | Expiration Date: | [●] |
| | <i>(Date on which Warrants will, if not previously exercised or terminated, be deemed exercised)</i> | |
| 6. | Minimum Transferable Number: | [●] |
| | <i>(Minimum number of Warrants which can be transferred)</i> | |
| 7. | Minimum Exercise Number: | [●] [, or integral multiples thereof] <i>[Only for American Style Warrants. This must not be more than the Minimum Transferable Number]</i> |
| | <i>(Minimum number of Warrants which can be exercised at any time)</i> | |
| 8. | Maximum Exercise Number: | [●] <i>[Only for American Style Warrants]</i> |
| | <i>(Maximum number of Warrants which can be valued on a single Valuation Date, subject as otherwise specified in the Conditions)</i> | |
| 9. | Exercise Style: | [European/American/OTHER] |
| | <i>(European Style Warrants will be deemed exercised on the Expiration Date; American Style Warrants can be exercised at any time up to and including the Exercise Business Day before the Expiration Date and failing which will be deemed exercised on the Expiration Date)</i> | |
| 10. | Issue Date: | [●] |
| 11. | Issue Price: | [●] per [QUANTITY] Warrant[s] |
| 12. | Underlying Asset(s): | [●] |
| 13. | Currency-linked Warrants: | [Applicable/Not Applicable] |
| | <i>[Specify relevant Currency provisions, adjustments and market disruptions as applicable]</i> | |
| 14. | Share-linked Warrants: | [Applicable/Not Applicable/As set out in the Schedule hereto] |
| | <i>[Specify relevant Share provisions, adjustments and market disruptions as applicable]</i> | |

15. Index-linked Warrants: [Applicable/Not Applicable]
[Specify relevant Index provisions, adjustments and market disruptions as applicable]
16. Commodity-linked Warrants: [Applicable/Not Applicable]
[Specify relevant Commodity provisions, adjustments and market disruptions as applicable]
17. Other Variable-linked Warrants [Applicable/Not Applicable]
[Specify relevant Underlying Asset provisions, adjustments and market disruptions as applicable]
18. Strike Price: [●]
19. Initial Setting Date: [[●] *[specify date]*]/the final Initial Averaging Date
[Not applicable if Strike Price is known before Issue Date]
(This is the date for setting the Strike Price)
20. Initial Averaging Dates: [●] *[specify dates]*
(The Strike Price is determined by reference to the prices of the Underlying Asset(s) on these dates)
21. Initial Averaging Date Disrupted Day: [Omission/Postponement/Modified Postponement]
(Provisions determining the consequences of an Initial Averaging Date being a Disrupted Day)
22. Valuation Time: [●]
23. Averaging Dates: [●] *[specify dates]*
(The Settlement Amount is determined by reference to the prices of the Underlying Asset(s) prevailing on these dates)
24. Averaging Date Disrupted Day: [Omission/Postponement/Modified Postponement]
(Provisions determining the consequences of an Averaging Date being a Disrupted Day)
25. Observation Period: [Not Applicable/The period from and including [●] to and including [●].]
(The period during which Observation Dates occur)
26. Observation Dates: [*[specify dates]*]/Each Scheduled Trading Day in respect of the relevant *[Underlying Asset(s)]* in the Observation Period
(Amounts payable are determined by reference to the prices of the Underlying Asset(s) prevailing on these dates)
27. Observation Date Disrupted Day: [Omission/Postponement/Modified Postponement]
(Provisions determining the consequences of an Observation Date being a Disrupted Day)

28. Settlement Amount: The Settlement Amount in respect of [●] Warrant(s) will be [Set out other formula and related definitions for calculating the Settlement Amount]
(Payable by the Issuer on the Settlement Date)
29. Physical Settlement [Applicable/Not Applicable]
30. Settlement Currency: [●]
(The currency in which the Settlement Amount will be paid)
31. Additional Business Day Centres: [Not Applicable/specify]
(For purposes of the definition of Currency Business Day, contained in the Product Supplement (if any))
32. Settlement Date: [3/other] Currency Business Days after the Valuation Date (or, if there is more than one Valuation Date, the last such Valuation Date), provided that, if that day is not a Clearing System Business Day, it shall be the next Currency Business Day which is also a Clearing System Business Day.⁶
(Date on which the Settlement Amount will be paid)
33. Additional or other Warrant Agent(s) and specified office(s), in addition to the Principal Warrant Agent and the Warrant Agent in Luxembourg: [●]/Not Applicable]
34. Security Codes and Ticker Symbols
- ISIN: [●] [Not Applicable]
- Common Code: [●] [Not Applicable]
- [●] [●]
35. Clearing and Trading
- Clearing System(s): [Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme, Luxembourg] [Other – Specify any National Clearing Systems if applicable]
36. Additional definition of "Warrantholder" [●]
(For the purposes of General Condition 1(b) in the case of National Clearing Systems)
37. Additional provisions relating to transfer: [●]
(For the purposes of General Condition 1(c) in the case of National Clearing Systems)
38. Names of Dealers/Selling Agents: [●]

⁶ The Settlement Date shall not be scheduled to fall after 31 December 2012.

Signed on behalf of the Issuer:

By: _____

Duly authorised

By: _____

Duly authorised

1 **[Additional Selling Restrictions]**

[add if applicable]

2 **[Information on the Underlying Asset(s)]**

Information about the [*Underlying Asset(s)*] can be obtained from [include relevant website], provided that this website does not form part of this Pricing Supplement or the General Conditions of the Warrants. The price[s] of the [*Underlying Asset(s)*] [is/are] available on [include the relevant Bloomberg or Reuters Code(s)].

SCHEDULE

[If desired or applicable in respect of share linked Warrants]

TAXATION

United Kingdom taxation

The following is a summary of the United Kingdom withholding taxation treatment at the date hereof in relation to payments of principal and interest in respect of the Securities. The comments do not deal with any other United Kingdom tax aspects of acquiring, holding or disposing of Securities. Prospective Noteholders should be aware that the particular terms of issue of any series of Securities as specified in the relevant Pricing Supplement may affect the tax treatment of that and other series of Securities. The following is a general guide and should be treated with appropriate caution.

UK withholding tax on UK source interest

Interest on Securities may be paid by the relevant Issuer without withholding or deduction for on account of United Kingdom income tax if, as at the date of payment of that interest, the Issuer is a "bank" for the purposes of section 991 Income Tax Act 2007 and so long as such payments are made by it in the ordinary course of its business.

Each of Credit Suisse International and Credit Suisse AG, acting through its London Branch, as at 31 March 2010 and 4 May 2010, respectively, was a "bank" for the purposes of that definition. In accordance with the published practice of HMRC, such payments will be accepted as being made by the Issuer in the ordinary course of its business unless either:

- the borrowing in question relates to the capital structure of the Issuer. A borrowing is regarded as relating to the capital structure of the Issuer if it conforms to any of the definitions of Tier 1, 2 or 3 capital adopted by the Bank of England, whether or not it actually counts towards Tier 1, 2 or 3 capital for regulatory purposes; or
- the characteristics of the transaction giving rise to the interest are primarily attributable to an intention to avoid United Kingdom tax.

In all cases falling outside the section 991 Income Tax Act 2007 exemption described above, interest on Securities will fall to be paid under deduction of United Kingdom income tax at the basic rate (currently 20 per cent.) subject to such relief as may be available under the provisions of any applicable double taxation treaty or to any other exemption which may apply. However this withholding will not apply where the relevant interest is paid on Securities with a maturity of less than one year from the date of the issue and which are not issued under arrangements the effect of which is to render such Securities as part of the borrowing with a total term of a year or more.

Other rules relating to United Kingdom withholding tax

Securities may be issued at an issue price of less than 100 per cent. of their principal amount. Any discount element on such Securities will not be subject to any United Kingdom withholding tax pursuant to the provisions mentioned in "UK withholding tax on UK source interest" above, but may be subject to reporting requirements as outlined below.

Where Securities are to be, or may fall to be, redeemed at a premium, as opposed to being issued at a discount, then any such element of premium may constitute a payment of interest for UK tax purposes. Payments of interest are potentially subject to United Kingdom withholding tax as outlined above and reporting requirements as outlined below.

Where interest has been paid under deduction of United Kingdom income tax, Noteholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in an applicable double taxation treaty.

The references to "interest" in this United Kingdom taxation section mean "interest" as understood in United Kingdom tax law. The statements do not take any account of any different definitions of "interest" or "principal" which may prevail under any other law or which may be created by the terms and conditions of the Securities or any related documentation.

The above description of the United Kingdom withholding tax position assumes that there will be no substitution of an Issuer and does not consider the tax consequences of any such substitution.

Reporting Requirements

Where interest is paid to holders of Securities (or to any person acting on their behalf) by the relevant Issuer or by any person in the United Kingdom acting on behalf of an Issuer (a "**payment agent**"), or is received by any person in the United Kingdom acting on behalf of the relevant holder of Securities (other than solely by clearing or arranging the clearing of a check) (a "**collecting agent**"), then the relevant Issuer, the payment agent or the collecting agent (as the case may be) may be required to supply to HMRC information including details of the payment and certain details relating to the holder (including the holder's name and address). These provisions will apply regardless of whether the interest has suffered a withholding or deduction for or on account of United Kingdom income tax and whether or not the holder of the Security is resident in the United Kingdom for United Kingdom taxation purposes. Where the holder is not so resident, the details provided to HMRC may be passed by HMRC to the tax authorities of the jurisdiction in which the holder is resident for taxation purposes.

The provisions referred to above may also apply, in certain circumstances, to payments of amounts due on redemption of Securities that constitute "deeply discounted securities" (as defined in the Income Tax (Trading and Other Income) Act 2005).

European Union savings tax directive

Under EC Council Directive 2003/48/EC on the taxation of savings income each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income payments ("**Savings Income**") made by a person within its jurisdiction to or collected by such a person for an individual or to certain non-corporate entities, resident in that other Member State (interest payments on the Securities will for these purposes be Savings Income). However, for a transitional period, Austria and Luxembourg are instead applying a withholding system in relation to such payments unless during such period they elect otherwise. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries including Switzerland and certain dependent or associated territories of certain Member States have adopted and implemented similar measures to the EU Directive (a withholding system in the case of Switzerland).

In addition, Member States have entered into reciprocal arrangements with certain of those non-EU countries and dependent or associated territories of certain Member States in relation to payments of Savings Income made by a person in a Member State to an individual, or to certain non-corporate entities, resident in certain dependent or associated territories or non-EU countries.

Where an individual Noteholder receives a payment of Savings Income from any Member State or dependent or associated territory employing the withholding arrangement, the individual Noteholder may be able to elect not to have tax withheld. The formal requirements may vary slightly from jurisdiction to jurisdiction. They generally require the individual Noteholder to produce certain information (such as his tax number) and consent to details of payments and other information being transmitted to the tax authorities in his home state. Provided that the other Tax Authority receives all of the necessary information the payment will not suffer a withholding under EC Council Directive 2003/48/EC or the relevant law conforming with the directive in a dependent or associated territory.

The directive has been the subject of a review which has resulted in a series of proposals being put forward to amend the directive. Any changes could apply to Securities that have already been issued at the date of the amendment of the directive.

Hong Kong

Withholding Tax

Under existing Hong Kong laws, payments of principal (including premium and discounts) and interest in respect of the Securities will be payable without withholding for or on account of any Hong Kong taxes.

Profits Tax

Profits tax is charged on every person carrying on a trade, profession or business in Hong Kong in respect of assessable profits arising in or derived from Hong Kong from such trade, profession or business.

Under the Inland Revenue Ordinance (Cap. 112) of Hong Kong, interest on the Securities will be subject to Hong Kong profits tax where such interest is received by or accrued to:

- a financial institution (as defined in the Inland Revenue Ordinance) and such interest arises through or from the carrying on by the financial institution of its business in Hong Kong;
- a corporation carrying on a trade, profession or business in Hong Kong and such interest is derived from Hong Kong; or
- a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and such interest is derived from Hong Kong and is in respect of the funds of the trade, profession or business.

No capital gains tax is currently levied in Hong Kong; however, Hong Kong profits tax may be charged on profits arising on the sale, disposal or redemption of Securities where such sale, disposal or redemption are or form part of a trade, profession or business carried on in Hong Kong.

Stamp Duty

Stamp duty will not be payable on the issue of Securities in bearer form provided either:

- (i) such Securities are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or
- (ii) such Securities constitute loan capital (as defined in the Stamp Duty Ordinance (Cap. 117) of Hong Kong).

If stamp duty is payable, it is payable by the relevant Issuer on the issue of Securities in bearer form at a rate of 3 per cent. of the market value of the Securities at the time of issue.

No stamp duty will be payable on any subsequent transfer of Securities in bearer form.

Stamp duty may be payable on any transfer of Securities in registered form if the relevant transfer is required to be registered in Hong Kong. Stamp duty will, however, not be payable on any transfers of Securities in registered form provided that either:

- (i) the Securities in registered form are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or
- (ii) the Securities in registered form constitute loan capital (as defined in the Stamp Duty Ordinance (Cap. 117) of Hong Kong).

If stamp duty is payable in respect of the transfer of Securities in registered form it will be payable by each of the purchaser and the seller at the rate of 0.1 per cent. (together 0.2 per cent.) of the consideration for, or (if greater) the value of, the Securities bought and sold.

The Pricing Supplement in respect of any Securities will disclose whether or not any stamp duty is payable on the issue or subsequent transfer of the Securities, and the manner in which such stamp duty will be payable. In addition in the case of any Securities the terms and conditions of which provide for the physical settlement of the

Underlying Assets on redemption of the Securities, the Pricing Supplement, will include details of any stamp duty payable on such physical settlement and the amount of such stamp duty payable by the relevant Securityholder.

Singapore

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines issued by the Monetary Authority of Singapore ("MAS") in force as at the date of the Programme Memorandum and are subject to any changes in such laws, measures or guidelines, or the interpretation of such laws, measures or guidelines, occurring after such date, which changes could be made on a retroactive basis. These laws and guidelines are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. The following is a summary of the material Singapore tax consequences to a holder of the Notes. Neither those statements nor any other statements in the Programme Memorandum are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling, or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities) may be subject to special rules. Prospective holders of the Notes are advised to consult their own tax advisers as to the Singapore or other tax consequences of the acquisition, ownership of or disposal of the Notes, including in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that neither the Issuer nor any other persons involved in the Programme Memorandum accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Notes.

Income Tax - General

Individual Taxpayers

An individual is a tax resident in Singapore in a year of assessment if in the preceding year he was physically present in Singapore or exercised an employment in Singapore (other than as a director of a company) for 183 days or more or if he resides in Singapore.

Individual taxpayers who are Singapore tax residents are subject to Singapore income tax on income accruing in or derived from Singapore. All foreign-sourced income received in Singapore on or after 1 January 2004 by a Singapore tax resident individual (except for income received through a partnership in Singapore) is exempt from Singapore income tax.

A Singapore tax resident individual is taxed at progressive rates ranging from 0 per cent. to 20 per cent. for the year of assessment 2011 (that is, in respect of income earned during the calendar year or other basis period ending in 2010).

Non-resident individuals, subject to certain exceptions and conditions, are subject to Singapore income tax on income accruing in or derived from Singapore at the rate of 20 per cent. for the year of assessment 2011.

Corporate Taxpayers

A company is tax resident in Singapore if the control and management of its business is exercised in Singapore.

Corporate taxpayers who are Singapore tax residents are subject to Singapore income tax on income accruing in or derived from Singapore and, subject to certain exceptions, on foreign-sourced income received or deemed to be received in Singapore. Foreign-sourced income in the form of dividends, branch profits and services income received or deemed to be received in Singapore by Singapore tax resident companies on or after 1 June 2003 are exempt from tax if certain prescribed conditions are met including the following:

- (i) such income is subject to tax of a similar character to income tax under the law of the jurisdiction from which such income is received; and
- (ii) at the time the income is received in Singapore, the highest rate of tax of a similar character to income tax (by whatever name called) levied under the law of the territory from which the income is received on any gains or profits from any trade or business carried on by any company in that territory at that time is not less than 15 per cent..

Certain concessions and clarifications have also been announced by the Inland Revenue Authority of Singapore (“IRAS”) with respect to such conditions.

Non-resident corporate taxpayers, with certain exceptions, are subject to Singapore income tax on income accruing in or derived from Singapore, and on foreign-sourced income received or deemed to be received in Singapore.

The corporate tax rate in Singapore is 17 per cent. with effect from the year of assessment 2010. In addition, three-quarters of up to the first S\$10,000, and one-half of up to the next S\$290,000, of a company’s chargeable income otherwise subject to normal taxation is exempt from corporate tax. New companies will also, subject to certain conditions, be eligible for full tax exemption on their normal chargeable income of up to S\$100,000 a year for each of the company’s first three years of assessment.

Singapore Withholding Tax

Under Section 12(6) of the Income Tax Act, Chapter 134 of Singapore (“ITA”), the following payments are deemed to be derived from Singapore:

- (a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or
- (b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15 per cent. final withholding tax described below) to non-resident persons (other than non-resident individuals) is 17 per cent. with effect from the year of assessment 2010. The applicable rate for non-resident individuals is 20 per cent.. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15 per cent.. The rate of 15 per cent. may be reduced by applicable tax treaties.

Certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

- (i) interest from debt securities derived on or after 1 January 2004;
- (ii) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and
- (iii) prepayment fee, redemption premium and break cost from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession.

Capital gains

Any gains considered to be in the nature of capital made from the sale of securities will not be taxable in Singapore. However, any gains from the sale of securities which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of Securities who are adopting Financial Reporting Standard 39: Financial Instruments - Recognition and Measurement (“FRS 39”) for Singapore income tax purposes may be required to recognise gains or losses on

such Securities, irrespective of disposal, in accordance with FRS 39. Please see the section below on “Adoption of FRS 39 treatment for Singapore income tax purposes”.

Adoption of FRS 39 treatment for Singapore income tax purposes

The Inland Revenue Authority of Singapore has issued a circular entitled “Income Tax Implications arising from the adoption of FRS 39 – Financial Instruments: Recognition and Measurement” (the “**FRS 39 Circular**”). The ITA has since been amended to give effect to the FRS 39 Circular.

The FRS 39 Circular generally applies, subject to certain “opt-out” provisions, to taxpayers who are required to comply with FRS 39 for financial reporting purposes.

Holders of Securities who may be subject to the tax treatment under the FRS 39 Circular may be required to recognise income derived from such Securities in accordance with the provisions of FRS 39 (as modified by the applicable provisions of Singapore income tax law), and should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of such Securities.

United States Taxation for Non U.S. Investors

CIRCULAR 230 NOTICE. THE FOLLOWING NOTICE IS BASED ON U.S. TREASURY REGULATIONS GOVERNING PRACTICE BEFORE THE U.S. INTERNAL REVENUE SERVICE: (1) ANY U.S. FEDERAL TAX ADVICE CONTAINED HEREIN, INCLUDING ANY OPINION OF COUNSEL REFERRED TO HEREIN, IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING U.S. FEDERAL TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER; (2) ANY SUCH ADVICE IS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS DESCRIBED HEREIN (OR IN ANY SUCH OPINION OF COUNSEL); AND (3) EACH TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

Legislation Affecting Dividend Equivalent Payments

The United States Hiring Incentives to Restore Employment Act (the “Act”) treats a “dividend equivalent” payment as a dividend from sources within the United States. Under the Act, unless reduced by an applicable tax treaty with the United States, such payments generally would be subject to U.S. withholding tax. A “dividend equivalent” payment is (i) a substitute dividend payment made pursuant to a securities lending or a sale-repurchase transaction that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, (ii) a payment made pursuant to a “specified notional principal contract” that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, and (iii) any other payment determined by the IRS to be substantially similar to a payment described in the preceding clauses (i) and (ii). In the case of payments made after March 18, 2012, a dividend equivalent payment includes a payment made pursuant to any notional principal contract unless otherwise exempted by the IRS. Where the securities reference an interest in a fixed basket of securities or an index, such fixed basket or index will be treated as a single security. Where the securities reference an interest in a basket of securities or an index that may provide for the payment of dividends from sources within the United States, absent guidance from the IRS, it is uncertain whether the IRS would determine that payments under the securities are substantially similar to a dividend. If the IRS determines that a payment is substantially similar to a dividend, it may be subject to U.S. withholding tax, unless reduced by an applicable tax treaty.

Legislation Affecting Securities Held Through Foreign Accounts

Under the Act, a 30% withholding tax is imposed on “withholdable payments” made to foreign financial institutions (and their more than 50% affiliates) unless the payee foreign financial institution agrees, among other things, to disclose the identity of any U.S. individual with an account at the institution (or the institution’s affiliates) and to annually report certain information about such account. “Withholdable payments” include payments of interest (including original issue discount), dividends, and other items of fixed or determinable annual or periodical gains, profits, and income (“FDAP”), in each case, from sources within the United States, as well as gross proceeds from the sale of any property of a type which can produce interest or dividends from sources within the United States. The Act also requires withholding agents making withholdable payments to certain foreign entities that do not disclose the name, address, and taxpayer identification number of any substantial U.S. owners (or certify that

they do not have any substantial United States owners) to withhold tax at a rate of 30%. We will treat payments on the securities as withholdable payments for these purposes.

Withholding under the Act will apply to all withholdable payments without regard to whether the beneficial owner of the payment is a U.S. person, or would otherwise be entitled to an exemption from the imposition of withholding tax pursuant to an applicable tax treaty with the United States or pursuant to U.S. domestic law. Unless a foreign financial institution is the beneficial owner of a payment, it will be subject to refund or credit in accordance with the same procedures and limitations applicable to other taxes withheld on FDAP payments provided that the beneficial owner of the payment furnishes such information as the IRS determines is necessary to determine whether such beneficial owner is a United States owned foreign entity and the identity of any substantial United States owners of such entity. Generally, the Act's withholding and reporting regime will apply to payments made after December 31, 2012. Thus, if an investor holds the securities through a foreign financial institution or foreign corporation or trust, a portion of the payments made after December 31, 2012 may be subject to 30% withholding.

Physical Settlement of Equity Interests

If a Security specifies Physical Settlement of the Underlying Asset and, as result, a non-U.S. holder acquires equity that distributes dividend payments that are deemed to be from sources within the United States, then such dividend payments will be subject to withholding of 30 per cent.. Gain realized on the sale, exchange, retirement or other disposition of such equity by a non-U.S. holder will generally not be subject to U.S. federal income tax unless (i) such income is effectively connected with a trade or business conducted by the non-U.S. holder in the United States, or (ii) the non-U.S. holder has or had a current or former relationship with the United States, including a relationship as a citizen or resident thereof or based on an individual's presence in the United States for 183 days or more in the taxable year of the applicable jurisdiction. Further, if the equity interest is in a "United States Real Property Holding Corporation" ("**USRPHC**"), as defined in Section 897, then gain derived by a non-U.S. holder from the disposition of a USRPHC is treated as income effectively connected with the conduct of a U.S. trade or business and such non-U.S. holder will be subject to U.S. tax on a net basis. In addition, the IRS may seek to recharacterize the acquisition of a Security that specifies Physical Settlement as a current transfer of the Underlying Asset in which case, a holder may be treated as owning, for U.S. federal income tax purposes, the Underlying Asset prior to Physical Settlement with the attendant tax consequences discussed above.

Each potential purchaser of Securities should consult its own tax advisor to obtain a more detailed explanation of the consequences of Physical Settlement and to learn how it might affect such investor in its particular circumstances.

Information Reporting and Back-up Withholding

Under certain circumstances, the Code requires "information reporting," and may require "backup withholding" with respect to certain payments made on the Securities and the payment of the proceeds from the disposition of the Securities. A non-U.S. holder of the Securities generally will not be subject to these information reporting requirements or backup withholding with respect to distributions on the Securities if it provides certifications as to its status as a non-U.S. holder under penalties of perjury on the appropriate IRS Form W-8. However, while the payment of proceeds from the disposition of a Security by a non-U.S. holder to or through a non-U.S. office of a U.S. broker or to or through a non-U.S. broker with certain specific types of relationships to the United States generally will not be subject to backup withholding, such payment will be subject to information reporting unless the non-U.S. holder certifies its status as a non-U.S. holder (and, if applicable, its beneficial owners also certify their status as non-U.S. holders) under penalties of perjury or the broker has certain documentary evidence in its files as to the non-U.S. holder's foreign status and the broker has no actual knowledge to the contrary.

Backup withholding is not an additional tax and may be refunded (or credited against the non-U.S. holder's U.S. federal income tax liability, if any); provided, that certain required information is furnished to the IRS. The information reporting requirements may apply regardless of whether withholding is required.

Non-U.S. holders should consult their tax advisors regarding the application of information reporting and backup withholding to their particular situations, the availability of an exemption therefrom, and the procedure for obtaining an exemption, if available.

SALE AND SUBSCRIPTION

General

The Issuer (as specified in the relevant Pricing Supplement) may appoint dealers (each a "**Dealer**") or selling agents (each a "**Selling Agent**") under a dealer agreement or selling agency agreement in respect of an issue of Securities and each Dealer and/or each Selling Agent will be required to comply with the selling restrictions set out below and any other selling restrictions as may be specified and/or applicable at the relevant time.

No action has been or will be taken by any Dealer or Selling Agent that would permit a public offering of the Securities or possession or distribution of any offering material in relation to the Securities in any jurisdiction where action for that purpose is required save as specified in the relevant Pricing Supplement. No offers, sales or deliveries of any Securities, or distribution of any offering material relating to the Securities, may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and will not impose any obligations on the relevant Issuer.

United States

The Securities have not been and will not be registered under the U.S. Securities Act of 1933 (the "**Securities Act**") and may not be offered, sold, or delivered within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Dealer has agreed that, except as permitted by applicable law, not to offer, sell or deliver the Securities (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Issue Date within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each other Dealer to which it sells Securities during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Securities within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering, an offer or sale of Securities within the United States by the Dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

The Dealer has in place arrangements reasonably designed to ensure that the Notes will be sold (or resold in connection with their original issuance) only to a person who is not a United States person or who is a United States person that is a financial institution (as defined in United States Treasury Regulation section 1.165-12(c)(1)(v)) purchasing for its own account or for the account of a customer and that agrees to comply with the requirements of section 165(j)(3)(A), (B), or (C) and the regulations thereunder.

United Kingdom

The Dealer and/or Selling Agent will be required to represent and agree that:

- (i) it has only communicated or caused to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**")) received by it in connection with the issue or sale of the Securities in circumstances in which section 21(1) of the FSMA would not, if the Issuer was not an authorised person, apply to the Issuer; and
- (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Securities in, from or otherwise involving the United Kingdom.

Australia

No information memorandum, prospectus or other disclosure document (as defined in the Corporations Act 2001 of Australia (the "**Corporations Act**")) in relation to the Securities has been or will be lodged with the Australian Securities and Investments Commission ("**ASIC**") or the Australian Securities Exchange Limited. The Securities may not be offered or sold, directly or indirectly, in the Commonwealth of Australia, its territories or possessions,

or to any resident of Australia, except by way of an offer or sale not required to be disclosed pursuant to Part 6D.2 or Part 7.9 of the Corporations Act.

Accordingly, each Dealer and/or Selling Agent has represented and agreed, and each further Dealer and/or Selling Agent appointed under the Programme will be required to represent and agree, that it:

- (i) has not, directly or indirectly, offered for issue or sale or invited applications for the issue of or for offers to purchase nor has it sold, the Securities;
- (ii) will not, directly or indirectly, offer for issue or sale or invite applications for the issue of or for offers to purchase nor will it sell the Securities; and
- (iii) has not distributed and will not distribute any draft, preliminary or definitive information memorandum, or any advertisement or other offering material, in Australia, its territories or possessions,

unless:

- (i) the amount payable for the Securities on acceptance of the offer by each offeree or invitee is a minimum amount of A\$500,000 (or its equivalent in another currency, disregarding amounts, if any, lent by the offeror or its associates) or the offer or invitation is otherwise an offer or invitation for which no disclosure is required to be made under Part 6D.2 or Part 7.9 of the Corporations Act and the Corporations Regulations made under the Corporations Act;
- (ii) the offer, invitation or distribution complies with all applicable laws, regulations and directives in relation to the offer, invitation or distribution and does not require any document to be lodged with ASIC; and
- (iii) the offer, invitation or distribution is not made to a person who is a "retail client" within the meaning of section 761G of the Corporations Act.

Brazil

The Securities may not be offered or sold to the public in Brazil and accordingly the offering of the Securities has not been submitted to the Brazilian Securities Commission for approval. Documents relating to the offering, as well as the information contained herein and therein may not be supplied to the public as a public offering in Brazil or be used in connection with any offer for subscription or sale to the public in Brazil.

The Securities may only be offered to residents of Brazil if (i) any such Brazilian residents are contacted solely on a private, personal and one-to-one basis; and (ii) any such offering does not use any telecommunication means directed to the public in general (such as mass mailing, public advertisements on the internet, in newspapers, or through other means), nor try to reach, by any manner, an undetermined number of investors, under the risk that any such actions be considered as an unauthorized public offer of the Securities in Brazil.

Chile

Neither the Issuers nor the Securities have been registered with the Superintendencia de Valores y Seguros pursuant to Law No. 18,045, the Ley de Mercado de Valores, and regulations thereunder. This document does not constitute an offer of, or an invitation to subscribe for or purchase, the Securities in the Republic of Chile, other than to individually identified investors pursuant to a private offering within the meaning of Article 4 of the Ley de Mercado de Valores (an offer that is not "addressed to the public at large or to a certain sector or specific group of the public").

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (Directive 2003/71/EC) (each, a "**Relevant Member State**"), the Dealer represents, warrants and agrees that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Securities to the public (within the meaning of that Directive) in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of Securities to the public in that Relevant Member State in circumstances which do not require the publication by the Issuer or the Dealer of a prospectus pursuant to the Prospectus Directive or pursuant to any applicable national law of any Relevant Member State.

France

This Programme Memorandum has not been prepared in connection with a public offering of securities (titres financiers) in France and no prospectus has been submitted for approval (visa) to the *Autorité des Marchés Financiers*. This Programme Memorandum may be made available, and the Securities may be offered or sold, in France by authorised persons only (A) to permitted investors consisting of (1) persons licensed to perform the investment service of asset management on behalf of third parties (*gestion de portefeuille pour compte de tiers*), (2) qualified investors (*investisseurs qualifiés*) acting for their own account and/or (3) a restricted circle of investors (*cercle restreint d'investisseurs*) acting for their own account, all as defined in, and in accordance with, Articles D. 411-1 to D. 411-4, D. 744-1, D. 754-1 and D. 764-1 of the French *Code monétaire et financier* or (B) in other circumstances which do not constitute a public offering pursuant to Article L. 411-2 of the French *Code monétaire et financier*. The direct or indirect resale to the public in France of the Securities may be made only as provided by Articles L. 411-1, L. 411-2, L. 412-1 and L. 621-8 to L. 621-8-3 of the French *Code monétaire et financier* and applicable regulations thereunder.

Italy

The offering of the Securities has not been registered pursuant to Italian securities legislation and, accordingly, no Securities may be offered, sold or delivered, nor may copies of this Programme Memorandum relating to the Securities or any other document relating to the Securities be distributed in the Republic of Italy, except:

- (a) to qualified investors (*investitori qualificati*) ("**Qualified Investors**"), as defined under Article 34-ter, paragraph 1, letter b), of CONSOB Regulation No. 11971 of 14 May 1999, as amended ("**Regulation 11971/1999**"); or
- (b) in circumstances which are exempted from the rules on offers of securities to be made to the public pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998 ("Financial Services Act") and Article 34-ter, first paragraph, of Regulation 11971/1999.

Any offer, sale or delivery of the Securities in the Republic of Italy or distribution of copies of this Programme Memorandum relating to the Securities or any other document relating to the Securities in the Republic of Italy under (a) and (b) above must be:

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 and Legislative Decree No. 385 of 1 September 1993, as amended; and
- (ii) in compliance with any other applicable laws and regulations.

Please note that, in accordance with Article 100-bis of the Financial Services Act, where no exemption under (b) above applies, the subsequent distribution of the Securities on the secondary market in Italy must be made in compliance with the rules on offers of securities to be made to the public provided under the Financial Services Act and the Regulation 11971/1999. Failure to comply with such rules may result, inter alia, in the sale of such Securities being declared null and void and in the liability of the intermediary transferring the Securities for any damages suffered by the investors.

Hong Kong

Each Dealer and/or Selling Agent has represented and agreed, and each further Dealer and/or Selling Agent appointed under the Programme will be required to represent and agree, that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong Special Administrative Region of the People's Republic of China ("**Hong Kong**"), by means of any document, any Securities other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (ii) it has not issued or had in its possession for the purposes of issue and will not issue or have in its possession for the purposes of issue any advertisement, invitation or document relating to the Securities, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be

accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made thereunder.

Luxembourg

This Programme Memorandum is strictly private and confidential. The Securities are being offered to institutional investors and high net worth investors, and may not be reproduced or used for any other purpose, nor provided for or sold to any person other than the recipient thereof. In Luxembourg, the Programme Memorandum has not been approved by the "*Commission de Surveillance du Secteur Financier*" and may not accordingly be used for direct or indirect offering or reselling of the Securities to the public in Luxembourg unless such offering or resale occurs in compliance with the Luxembourg Act of 10 July 2005 relating to prospectuses for securities. In addition, none of the Issuers constitute a Luxembourg undertaking for collective investment in accordance with the Luxembourg law dated 20 December 2002 on undertakings for collective investment.

Mexico

The Securities have not been offered or sold and will not be offered or sold in Mexico by any subsidiary of the Issuers.

The Securities have not and will not be registered with the National Registry of Securities maintained by the National Banking and Securities Commission of Mexico and have not and may not be publicly offered in Mexico. The Securities may only be offered in Mexico pursuant to a private placement to institutional and qualified investors in Mexico as such terms are defined by the Mexican Ley del Mercado de Valores.

Singapore

This Programme Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Programme Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Securities may not be circulated or distributed, nor may the Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), (ii) to a relevant person pursuant to section 275(1), or any person pursuant to section 275(1A), and in accordance with the conditions specified in section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Securities are subscribed or purchased under section 275 by a relevant person which is

(a) a corporation (which is not an accredited investor as defined under section 4A of the SFA) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor,

securities (as defined under section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (however described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the Securities pursuant to an offer made under section 275 except:

- (1) to an institutional investor or to a relevant person defined in section 275(2) of the SFA, or any person arising from an offer referred to in section 275(1A) or section 276(4)(i)(B) of the SFA;
- (2) where no consideration is given for the transfer;
- (3) where the transfer is by operation of law; or
- (4) as specified in section 276(7) of the SFA.

General

The offer and sale of the Securities will also be subject to such other restrictions on distribution and transfer as may be set out in the Pricing Supplement.

These selling restrictions may be modified by the agreement of the relevant Issuer and the Dealer(s) following a change in a relevant law, regulation or directive. Any such modification will be set out in the Pricing Supplement issued in respect of the issue of Securities to which it relates or in a supplement to this Programme Memorandum.

No representation is made that any action has been taken in any jurisdiction that would permit a public offering of any of the Securities, or possession or distribution of the Programme Memorandum or any other offering material or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required.

Each Dealer and/or Selling Agent will be required to agree that it will, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Securities or has in its possession or distributes the Programme Memorandum, any other offering material or any Pricing Supplement and neither the Issuer nor any other Dealer shall have responsibility therefor.

GENERAL INFORMATION

- 1 Credit Suisse AG, acting through its London Branch has obtained all necessary consents, approvals and authorisations in connection with the establishment of the Programme. The Programme is established and Securities will be issued in accordance with the Organisational Guideline and Regulation of Credit Suisse AG dated 28 May 2002. No specific resolution of the Board of Directors of Credit Suisse AG, acting through its London Branch is required.
- 2 Credit Suisse International has obtained all necessary consents, approvals and authorisations in connection with the establishment of the Programme. The establishment of the Programme is authorised pursuant to a resolution of the Board of Directors of Credit Suisse International dated 13 March 2006.
- 3 Copies of the Agency Agreement, Deeds of Covenant and most recent registration document of each Issuer will be available for inspection during normal business hours on any business day in the relevant local jurisdiction (except Saturdays, Sundays and legal holidays) at the offices of the Fiscal Agent, Principal Certificate Agent and Principal Warrant Agent.
- 4 Any Bearer Note with an original maturity of more than 183 days must bear the following legend:

"Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the Internal Revenue Code".

REGISTERED OFFICE OF CREDIT SUISSE AG

Credit Suisse AG
One Cabot Square
London E14 4QJ

**REGISTERED OFFICE OF CREDIT SUISSE
INTERNATIONAL**

Credit Suisse International
One Cabot Square
London E14 4QJ

FISCAL AGENT
Citibank Europe plc
1 North Wall Quay
Dublin 1
Ireland

PRINCIPAL CERTIFICATE AGENT
Citibank Europe plc
1 North Wall Quay
Dublin 1
Ireland

PRINCIPAL WARRANT AGENT
Citigroup Global Markets Deutschland AG & Co. KGaA
Reuterweg 16
30323 Frankfurt
Germany

LEGAL ADVISERS
as to English law and U.S. law

Ashurst LLP
Broadwalk House
5 Appold Street
London EC2A 2HA