Annual Report 2023

CREDIT SUISSE ASSET MANAGEMENT LIMITED

COMPANY REGISTRATION NUMBER: 01688075

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Company Information

Board of Directors as at 19 April 2024 (forms part of the Directors' Report)

Ian Hale (Non-Executive Chair)
Gavin Byrnes (Non-Executive Director)
Nicole Coll (Independent Non-Executive Director)
Marc Berryman (Chief Executive Officer)
Justin Gillott (Chief Financial Officer)

Company Secretary

Paul Hare

Company Registered Number

01688075

Registered Office

One Cabot Square
London E14 4QJ

Independent Auditors

PricewaterhouseCoopers LLP
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Strategic Report for the year ended 31 December 2023

Principal Activities and Entity Structure

Credit Suisse Asset Management Limited ('CSAML' or the 'Company') is a private company limited by shares that is domiciled and registered in the United Kingdom ('UK'). CSAML is an asset management entity that forms a part of the Global Asset Management group within Credit Suisse AG ('CS 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 Supervisory Authority FINMA ('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.

CSAML is authorised and regulated by the Financial Conduct Authority ('FCA'). CSAML does not conduct business with UK retail clients.

CSAML's principal activities are management and advisory services via its investment capabilities. CSAML also has Product, Distribution and Chief Operating Officer ('COO') & Business Risk Management teams that provide support to Credit Suisse Asset Management globally. The investment capability within CSAML is the Credit Investments Group ('CIG').

CIG manages Collateralised Loan Obligations ('CLOs') and invests in those in accordance with the Capital Requirements Regulation ('CRR'). It also manages and advises on diversified portfolios of non-investment grade credit strategies, including senior secured loans and high yield bonds. CIG also includes Private Credit Opportunities ('PCO') which was launched in 2020, and is an alternative investment business with a focus on direct lending.

During 2023, Private Fund Group ('PFG') was integrated into the Investment Bank ('IB') division. PFG raised capital for private investment firms focused on a wide range of private equity investment activities. This has been reported as a discontinued operation for CSAML.

The directors present their Strategic Report, Taskforce on Climate Related Financial Disclosures ('TCFD'), Directors' Report and the Financial Statements for the year ended 31 December 2023.

UBS Group AG acquisition of CS AG Group

On 12 June 2023, UBS group acquired CS group, as part of the integration, the plan is to simplify UBS group legal structure, including the merger of UBS AG and Credit Suisse AG planned for 2024. CSAML will continue to rely on its established governance and risk control frameworks until it is fully integrated into UBS Asset Management ('UBS AM').

Strategy

CIG is considered a complementary investment capability and will be integrated into UBS AM during 2024. CSAML will continue to act as a CLO originator and portfolio manager subsequent to this integration.

Operating Environment

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

Economic and Political Environment

2023 and looking forward

Global growth was resilient over the course of 2023 whilst recovering from COVID-19 pandemic, Russia's invasion of Ukraine and the cost-of living crisis. Inflation fell faster than anticipated as compared to the peak in 2022 and had a smaller than expected impact on employment. This reflected the position evolution of supply chain and central bank policies which maintained inflationary expectation. There were increased geopolitical risks from the evolving conflict in Gaza and Israel and shipping disruptions in the Red Sea although it was observed that there has been limited impact on wholesale energy prices. Monetary policy remained tight, and many central banks are likely to hold on before any signs of easing.

The Bank of England's ('BOE') Monetary Policy Committee ('MPC') sets monetary policy with the aim of meeting the 2% inflation target, to help sustain growth and employment. The inflation rate at the end of December 2023 was 4%. To control inflation, the MPC on 20 March 2024 voted to maintain the Bank's base rate at 5.25% (31 December 2022: 4%).

The latest UK Gross Domestic Product ('GDP') figures from Office of National Statistics fell by 0.3% in Q4 2023, following a 0.1% decline in Q3 2023. Despite two consecutive quarters of negative growth, GDP is estimated to have increased by 0.1% across the whole of 2023. GDP growth is expected to recover gradually, reflecting the extent of the slowdown in growth caused by previous bank rate hikes.

Regulatory

Consumer Duty ("the Duty")

The Duty applies to all firms that have a material influence over, or determine, retail customer outcomes.

The FCA considers firms that have decision-making roles for one or more of four customer outcomes, or discretion over customer outcomes, to be able to materially influence retail customer outcomes to be in scope of the Duty.

CSAML does not deal with retail investors nor has the ability to influence materially the outcomes and its role is limited to managing assets under a mandate determined by a professional client, where that client is entirely independent of the manager. CLOs originated and managed by CSAML are not distributed to retail investors.

Taskforce on Climate Related Financial Disclosures ('TCFD')

In December 2021, the FCA introduced rules for asset managers to make disclosures consistent with the TCFD recommendations at an entity level and product level. The rules came into effect on 1 January 2023 for CSAML, with the first disclosure being required to be published by 30 June 2024.

TCFD framework requires organisations to report on their governance, strategy, risk management, and metrics and targets related to climate change. This reporting aims to enhance the transparency and quality of climate-related financial disclosures, enable investors and other stakeholders to make informed decisions, and promote the transition to a low-carbon economy.

For further details pertaining to the Environmental, Social and Governance sourcebook regulations including TCFD framework, please refer to "UK Climate Statement 2023" on page 14.

Performance

Key Performance Indicators ('KPIs')

CSAML uses a range of KPIs that are critical to the successful management of its business and the achievement of its objectives.

	2023	2022
Earnings and Profitability		
Profit/(Loss) before tax from continuing operations (£m)	2.1	(14.1)
Profit before tax from discontinued operations (£m)	0.3	3.7
Capital		
Tier 1 capital (£m) (Please refer Note 14 – Capital adequacy)	198.7	198.0
Return on Tier 1 Capital (%)	0.7%	(4.3)%
Statement of Financial Position		
Total Assets (£m)	518.6	505.8
Total Assets growth (%)	2.5%	0.8%
Return on Total Assets (%)	0.5%	(2.0)%
Assets under Management (£m)	6,918	6,505

Earnings and Profitability

For the year ended 31 December 2023, CSAML reported a profit before tax of £2.1m from continuing operations (2022: loss of £(14.1)m). Net revenues amounted to £67.9m (2022: £37.9m) and were £29.9m higher in 2023, mainly as a result of positive unrealised Mark to Market ('MTM') on CLO's. The increase was offset partially by the reduction of PFG and other fees. Operating expenses increased to £65.8m in 2023 (2022: £52.0m), primarily, due to incentive performance bonus ("IPB") expenses and additional impairment costs related to One Cabot Square ('OCS') and pertained to both continuing as well as discontinued operations.

Statement of Financial Position

As at 31 December 2023, CSAML had total assets of £518.6m (2022: £505.8m) and a total shareholders' equity of £203.9m (2022: £202.4m). Assets increased by £12.8m driven by an increase of £18.1m in Non trading financial assets mandatorily at fair value through profit or loss primarily due to the warehouse closure of Madison Park Euro Funding('MPEF') XIX. Cash and due from banks also increased by £15.0m offset by decrease in amounts owed by UBS group companies of £(12.0)m and decrease in fees and other receivables of £(7.9)m.

Return on Tier 1 capital and Return on Total Assets are positive in 2023 due to the CSAML returning to profitability in 2023.

Financial instruments carried at fair value are categorised under the three levels of the fair value hierarchy and Level 3 inputs are those assets and liabilities which are not based on observable market data (unobservable inputs). Level 3 assets in 2023 amount to £24.7m (2022: £10.3m). Level 3 assets were equivalent to 9.1% of total fair value assets (2022: 4.1%). See note 20 Financial Instruments for further details.

CSAML's managed and co-managed Assets under Management ('AuM') increased during 2023, mainly due to the launch of new fund closed during the year, MPEF XIX (£323m) and positive market performance across most of the funds (£593m) which is reduced partially by negative Net New Assets ('NNA') related to CLOs and Nova Lux funds (£410m), except PCO funds where NNA increased by £20m, and unfavourable foreign exchange moves (£137m).

Capital Resources

The Company is required at all times to monitor and demonstrate compliance with the relevant regulatory capital requirements of the FCA. The Company has put in place processes and controls to monitor and manage the Company's capital adequacy. No breaches were reported to the FCA during the year. The Capital structure during 2023 is set out in Note 14 Capital adequacy. The Company maintained a strong and stable capital position throughout 2023.

The disclosure documents of the UBS group can be found at https://www.ubs.com/global/en/investor-relations.

Liquidity

CSAML is required to monitor and comply with the relevant liquidity requirements of the FCA. The Company has put in place processes and controls to monitor and manage the Company's liquidity. No breaches were reported to the FCA during the year.

CSAML maintains a strong liquidity position and also has a letter of intent from CS AG providing support for meeting CSAML's debt obligations and maintaining a sound financial position for at least the next 12 months. Following the UBS Group acquisition of CS group, UBS Group AG has given a letter of intent to CS AG providing support to keep CS AG in good standing and in compliance with its regulatory capital, liquidity requirements and to fully support its operating, investing and financing activities through at least one year and a day until 28 March 2025, or a merger with UBS AG, if earlier. For further details, please refer to Note 22 (c) – Financial Risk Management Liquidity Risk.

Principal Risks and Uncertainties

CSAML faces a variety of risks that are inherent in its business including credit, fiduciary, market, liquidity, non-financial and group risks. Credit risk, liquidity risk and market risks are outlined in Note 22 Financial risk management

Principal Risks

Risk Types	Description	How risks are managed
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.	Credit risk is a core risk within CSAML and exists within the CLOs managed given the 5% risk retention to be held for the CIG business. Credit risk is mitigated by following a defined approval process for new CLOs, security selection, active management and by adhering to the required investment mandate. The CIG team analyses the underlying holdings / collateral of each of the CLOs and gains comfort that the holdings are of sufficient credit worthiness. Furthermore, CSAML ensures coverage tests, collateral quality tests and concentration/diversification tests are met at adequate levels to ensure prudent credit risk management.
Fiduciary Risk	Fiduciary risk is the risk of financial loss arising when CSAML or its employees, acting in a fiduciary capacity as trustee, investment manager or as mandated by law, do not act in the best interest of the client in connection with the advice and management of our client's assets including from a product-related market, credit, liquidity and operational risk perspective.	CSAML recognises that fiduciary risk is an inherent part of managing assets on investors' behalf. For the entity, the fiduciary risk team looks at CLOs, funds and portfolios. There are several mitigants in place that reduce fiduciary risk, such as: • Fee structure to incentivise proper risk management (align the interests of the investor and manager while discouraging excessive risk taking), • CLO 5% risk retention to ensure the manager will not jeopardise the integrity of the vehicle with risky trades in an effort to achieve performance fees, and • Suitably qualified / experienced third party service providers that provide independent valuation and validation to the CLOs on behalf of the investors. The valuation is independently price tested by an internal team.

Market Risk	Market risk is the risk of a loss arising from adverse changes in interest rates, credit spreads, foreign currency exchange rates, equity and commodity prices, and other relevant market parameters, such as volatilities and correlations.	CSAML has market risk associated with the CLO risk retention positions, performance fee revenue from funds and foreign exchange ('FX') mismatch. The CLO positions are MTM and cannot be hedged or sold. Unless there is a tranche default, gains or losses on the CLO positions generally recover to par value as the structure approaches maturity. CLO exposure is regularly assessed for ratings (majority investment grade rated) and diversification (across sectors and issuers). Performance fee revenue from funds is based on Net Asset Values ('NAVs'). While market volatility does not directly lead to losses, it will reduce performance fee revenue which is based on NAVs. There is also FX risk due to fluctuation across various currency pairs. FX mismatch risk for the entity is mitigated by the fact that CSAML receives funding in the currency of its assets from CS group as well as a monthly FX levelling process to reduce FX exposure. The entity has regulatory capital requirement thresholds in place to manage and monitor market risk.
Liquidity Risk	Liquidity risk is the risk that a bank is unable to fund assets and meet obligations as they fall due in times of stress, whether caused by market events and/or firm-specific issues.	CSAML is focused on having sufficient cash to operate its business and investment decisions. Aside from the CLO risk retention asset exposure, CSAML does not maintain further assets, holds no market positions in any securities and does not have any contractual obligations beyond fee receivables and normal cost of conducting business. CSAML's liquidity risk is minimised by ensuring liquid assets maintained are over the Liquid Asset Threshold Requirement ('LATR') as per the IFPR requirements for the legal entity.
Non-Financial Risk ('NFR')	NFR is the risk of an adverse direct or indirect impact resulting from inadequate or failed processes, people and systems or from external events.	CSAML by nature has NFR as a course of conducting business. NFR is mitigated by a number of factors: • An annual Risk and Control Self-Assessment ('RCSA') process which is formed at the CS Asset Management (Divisional) level, incorporating CSAML, as well as a bottom up approach. This process identifies inherent risks within the CSAML business and outlines controls and subsequently measures the residual risks, • Business Risk Management ('BRM') team which helps first Line of Defence ('LoD') in embedding and maintaining a robust culture as the basis for a sustainable and compliant business. BRM maintains an effective risk governance and control framework in compliance with the CS group's policies and standards, • NFR teams form the second LoD which provides review and challenge of incident remediation and also performs control testing of key controls, • Regular management information reports covering the key inputs and outputs of the NFR framework, • Incident data records which continually captures incidents, whether internal or external, • Conduct risk tracking which records when misconduct occurred, what actions were taken including escalation and result of the behaviour, • Regular training of all staff to ensure they understand best practices and policies, and • Adequate contingency and Business Continuity Management ('BCM') plan in place aimed at ensuring that the firm is able to operate on an on-going basis and any losses are limited.

Group Risk	Group Risk is the risk that the financial position of CSAML may be adversely impacted by its relationship with other CS group entities or by risks that may affect the UBS group, including reputational contagion. CSAML is dependent on other CS group entities for access to i) funding arrangements; and ii) shared services.	CSAML up-streams a portion of its cash balance to CS AG and the remaining portion to external financial institutions, namely HSBC and National Westminster ('NatWest'). CSAML can draw on the cash as and when needed. Unlike in the previous years, there is no single credit concentration risk of CSAML's cash balance with CS AG, as cash balances are distributed across external financial institutions. In addition, CSAML relies significantly on the shared services provided by other CS entities, such as Risk Management, IT, HR, Compliance, Legal, Tax and Finance. The probability of CSAML losing all access to UBS group funding arrangements and shared services is deemed to be very low, given the UBS group has a vested interest to support its legal entities in order to meet local business needs and regulatory requirements. Historically, the loss of funding arrangements and shared services has never occurred.

Corporate Governance

Board Responsibility

The Board is responsible for governance arrangements that ensure effective and prudent management of CSAML, including the segregation of duties and the prevention and/or management of conflicts of interest. The Board oversees the implementation of strategic objectives, risk strategy and internal governance; ensures the integrity of the accounting and financial reporting systems; oversees disclosure and communications processes; provides effective oversight of senior management; and assesses the effectiveness of governance arrangements.

The Board's duties involve setting the strategy and overseeing management; ensuring a strong 'tone from the top' in relation to conduct, ethics and culture; ensuring its risk management and financial reporting and internal control frameworks are appropriate, in line with the Board Terms of Reference.

The directors are ultimately responsible for the effectiveness of internal controls at CSAML. Policies and procedures have been designed for safeguarding assets, for maintaining proper accounting records, and for assuring the reliability of financial information used within the business and for that provided to regulators and external users. Such policies and procedures are designed to mitigate and manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement, errors, losses or fraud. Procedures are also in place to ensure internal controls remain effective, and have been in place throughout the year and up to the date of approval of the Annual Report and Financial Statements.

Key risks are formally reviewed and assessed on a quarterly basis by the Board and the Risk Committee. In addition, key business risks are identified, evaluated and managed by management on an ongoing basis by means of policies and processes, such as credit and market risk limits and other operational metrics, including authorisation limits, and segregation of duties. The Board receives regular reports on any risk matters that need to be brought to its attention, with additional reporting provided to the Board when required. Significant risks identified in connection with the development of new activities are subject to consideration by the Board.

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

During 2023, the Board has taken decisions in line with its duties and the Board and its Board Committees. These include reviewing and approving Board appointments and resignations, the Board and Board Committee Objectives, the Strategy and Financial Plan, the Internal Capital Adequacy and Risk Assessment ('ICARA'), Risk Appetite Statement, the Authorised Signatory List, the Annual Report and Financial Statements and the MIFIDPRU Disclosures, and the Modern Slavery Statement.

Board Evaluation

The Board undertakes a periodic evaluation of the performance and effectiveness of the Board and Board Committees to decide on future objectives and focus topics and to identify internal briefings and training required by individual directors. The Board Evaluation also assists the Board in assessing the structure, size and composition of the Board, including the knowledge, skills, experience and diversity of Board Members and assists with Board succession planning.

Given the Board changes in 2023, the 2023 Board Evaluation was deferred. However, the Board has conducted a Board Evaluation in March 2024, concluding that the Board and its Board Committees continue to operate effectively. The Board also reviews and approves the Board and Board Committee Objectives each year.

Board Training

Directors undertake internal briefings and training on matters which align with the Board's objectives or legal/regulatory developments. Topics in 2023 included Directors Duties, the ICARA, the Risk Appetite, the Duty and the Integration with UBS AM. All new directors are offered a full induction programme. Directors also undertake other external courses for professional development, as required.

Board Diversity

CSAML recognises and embraces the benefits of building a diverse and inclusive culture and having a diverse Board. A diverse Board will include and make good use of differences in the skills, regional and industry experience, independence and knowledge, background, race, gender and other distinctions between directors. The Board via the CSAML Nominations Committee, considers these attributes in determining the optimum composition of the Board and, when possible, Board composition will be balanced appropriately.

The Board in 2023 originally exceeded its target of at least 25 percent female representation, but this dropped to 20% female representation. The Board will continue to monitor its diversity (in all forms) through periodic reviews of its structure, size, composition and performance.

Members of the Board and Board Committees

There have been a number of changes to the Board composition during 2023, with further changes anticipated as it integrates with UBS AM. Board composition changes during 2023 were:

- Jo McCaffrey was appointed as CSAML Chief Executive Officer ('CEO') and Executive Director on 23 January 2023 but resigned on 14 July 2023.
- Marc Berryman was appointed as CSAML CEO as of 31 August 2023.
- Justin Gillott was appointed as a CSAML CFO and Executive Director on 19 January 2023.
- Michael Murphy resigned as an Executive Director on 28 March 2023.
- Gavin Byrnes was appointed as Non-Executive Director on 20 September 2023.

	Title	Appointment	Resignation	Audit Committee	Risk Committee	Advisory Remuneration Committee	Nominations Committee
Ian Hale	Board Chair / NED	2022	–	Member	Chair	–	Chair
Gavin Byrnes	NED	2023	–	–	–	Member	–
Nicole Coll	iNED	2022	–	Chair	Member	Chair	Member
Jo McCaffrey	CEO / Executive Director	2023	2023	–	–	Member	–
Marc Berryman	CEO / Executive Director	2020	–	–	–	–	–
Michael Murphy	Executive Director	2014	2023	–	–	–	–
Justin Gillott	CFO / Executive Director	2023	–	–	–	–	–

CSAML continues to comply with the FCA's Senior Managers and Certification Regime ('SMCR'). SMCR aims to reduce potential harm to clients and to strengthen market integrity by making individuals more accountable for their conduct and competence.

Board and Board Committee Meetings

	Total Meetings	Regular Meetings	Ad Hoc Meetings
Board	9	4	5
Audit Committee	5	4	1
Risk Committee	5	4	1
Advisory Remuneration Committee	1	1	0
Nominations Committee	1	0	1

Board members also attended briefing sessions to prepare for technical Board discussions.

All members of the Board are expected to spend the necessary time outside of these meetings needed to discharge their responsibilities appropriately. The Chair calls the meetings with sufficient notice and prepares an agenda for each meeting. The Chair has the discretion to invite management or others to attend the meetings. Minutes are kept of the Board Meetings.

Board Committees

Certain responsibilities are delegated by the Board to the Board Committees in order to help the Board carry out its functions and maintain independent oversight of internal control and risk management. Each Board Committee has its own terms of reference, which records the scope of the delegated authority and the committee's responsibilities. The Chair of each Board Committee reports to the Board on the matters discussed at Committee Meetings.

Board Audit Committee ('BAC')

The BAC provides oversight of the integrity and adequacy of the financial reporting process, the audit process, accounting and internal controls, as defined by applicable law and regulations, articles of association and internal regulations. The BAC is authorised to have direct access to, and receive regular reports from, the external and internal auditors as well as CSAML's management and employees. In reviewing CSAML's Annual Report and Financial Statements, the BAC reviews and approves the critical accounting estimates and judgements including going concern. The BAC also considered the projected capital requirements in the next twelve months and, in this context, the continued access to appropriate funding to maintain adequate capital and liquidity positions.

Board Risk Committee ('BRC')

The BRC advises the Board on CSAML's risk appetite and provides oversight of the integrity and adequacy of risk management responsibilities including processes and organisational frameworks, as defined by applicable law and regulation, articles of association and internal regulations. In particular, the BRC reviews and assesses the identification, measurement and management of the various risks within the entity, as presented in the ICARA. The BRC meets at least quarterly with the relevant delegates from Risk, Business Risk Management, Compliance and Legal.

Board Advisory Remuneration Committee ('RemCo')

The RemCo advises and makes recommendations to the CS AG Governance, Nominations and Compensation Committee on matters relating to remuneration for CSAML employees, including members of the CSAML Executive Committee and Material Risk Takers, as well as on the compliance of the CS group Compensation Policy with all relevant UK compensation regulations.

Board Nominations Committee ('Nom Com')
The Nom Com is responsible for the identification and recommendation for approval by CS AG and UBS Group AG of candidates to fill vacancies on the CSAML Board, making recommendations to the Board concerning the role of the Chair and membership of the Board and Board Committees.

As CSAML integrates with UBS AM in 2024, the Board will continue to delegate the relevant responsibilities to its BRC, RemCo and Nom Com, but will delegate its audit-related responsibilities to the UBS AM UK Audit Committee.

Management Overview

CSAML's primary management committee is its Executive Committee, which is chaired by the CEO and is ultimately responsible for the management of the CSAML business and the execution of the strategy set by the Board. As a decision-making forum, it may receive proposals escalated from other executive committees or from business unit managers.

CSAML's executive and risk management governance arrangements are expected to align with UBS AM during 2024.

Risk Management

CSAML's independent risk management function is managed by the CSAML Chief Risk Officer ('CRO'). The CRO and the Chief Compliance Officer ('CCO') are responsible for overseeing CSAML's risk profile across all risk types. An overview of the risk management organisation is set out in Note 22 Financial risk management

Section 172(1) Statement

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

The Board's approach to its S172 duty and engagement with stakeholders

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

CSAML directly and as part of the CS group regularly engages in dialogue with stakeholders including clients and employees as well as regulators, policymakers and the community. This dialogue, combined with the insights gained through its involvement in initiatives, business associations, and forums, as well as through surveys, strengthens the Company's understanding of the different, and sometimes conflicting perspectives of its stakeholders.

- **Clients**: CSAML's primary focus is delivering the global capabilities of Global Asset Management through its businesses in the UK, with an increasing focus on addressing clients' ESG needs. For example, in PFG, there is a post-fundraising review with the general partner to get feedback on the process.

- **Employees**: CSAML's success has a significant dependency on the skills, experience and conducts of its employees and CSAML is committed to keeping employees informed of changes within the organisation using many different approaches.

- **Regulators**: Credit Suisse works together with its regulators to help reduce risk in the industry and to provide a more sustainable banking landscape over the long term. CSAML has an open and regular engagement with the FCA.

- **Community**: CSAML cultivates constructive relationships with local organisations and institutions and supports charitable projects through financial contributions, employee volunteering and expertise sharing.

- **Environment**: Following the acquisition by UBS Group, CSAML follows applicable UBS Group policies and procedures with respect to sustainability and climate. This should be seen however, in the context of CSAML wind down strategy. For an overview of sustainability initiatives and memberships, please refer to: https://www.credit-suisse.com/about-us/en/our-company/corporate-responsibility/banking/agreements-memberships.html.

- Suppliers: CSAML relies upon services provided by third parties and other subsidiaries of the UBS group.

Respect for Human Rights

CSAML follows UBS Human Rights Statement as UBS's commitment to respecting internationally recognised human rights across the firm. This includes the Modern Slavery and Human Trafficking Statement pursuant to the UK Modern Slavery Act 2015. More details on the topic of human rights, including its Modern Slavery and Human Trafficking Transparency Statement, can be found at https://www.ubs.com/global/en/sustainability-impact.html.

The Strategic Report is approved on behalf of the Board.

Marc Berryman
Director

One Cabot Square, London E14 4QJ
19 April 2024

UK Climate Statement 2023

Information pertaining to the Environmental, Social and Governance sourcebook regulations

This statement has been produced in connection with the legal entity reporting requirements of the Environmental, Social and Governance ('ESG') sourcebook found in the Business Standards section of the FCA Handbook ('ESG Sourcebook'). The ESG Sourcebook contains rules and guidance regarding the disclosure of climate related financial information consistent with the Task Force on Climate-related Financial Disclosures ('the TCFD') Recommendations and Recommended Disclosures.

The disclosure is prepared for CSAML, which all form part of UBS AM division in the United Kingdom. CSAML fall in-scope for the regulatory obligations under the ESG sourcebook.

This statement follows the structure recommended by the TCFD. The reporting period for UK Climate Statement 2023 is 1 January 2023 to 31 December 2023 which is aligned to the financial reporting period and to the reporting period of UBS's Sustainability Report 2023 and Climate and Nature Report 2023. All data included in the compliance statement is therefore for this period, unless otherwise indicated.

Dependencies on the UBS group Sustainability Report 2023

CSAML is part of the UBS AM business division, which directly contributes to UBS group overall sustainability and impact strategy, as well as adhering to the governance and risk management frameworks. By 2050, the ambition is to achieve net-zero greenhouse gas ('GHG') emissions across scope 1 and 2, and specified scope 3, activities. UBS AG Asset Management, including Asset Management UK which includes CSAML, aims, by 2030, to align 20% of Asset Management's total assets under management ('AuM') with net zero. Based on the above, Asset Management UK including CSAML deems it appropriate to leverage the climate-related disclosures made in the UBS Group Sustainability Report 2023.

Certain activities of UBS group that pertain to the implementation of its sustainability and impact strategy are impacted by factors that UBS group cannot influence directly or can only influence in part. These include: pertinent governmental actions (when it comes to the updated ESG Sourcebook, for example); the quality and availability of (standardised) data in such areas as emissions; the development and enhancement of required methodologies and methodological tools on climate- and nature-related risks; the ongoing evolution of relevant definitions associated with sustainable finance; and the furthering of transparency pertaining to company disclosures. Activities of CSAML with specific exposure to such factors are explained in the relevant sections of the UBS Group Sustainability Report 2023.

The following sections on strategy, governance, risk management and metrics and targets set out the structures and processes that are in place for Asset Management UK including CSAML to take climate-related risk (being those risks related to the transition to a lower-carbon economy and risks related to the physical impacts of climate change) and opportunities (for example, resource efficiency, energy source, products and services, markets, and resilience) into consideration.

Strategy

The UBS group helps clients assess, manage and protect their assets from climate-related risks by offering innovative products and services in investment, financing and research.

Refer to the 'Strategy' section of the Climate and Nature 2023 report for additional information on sustainability and climate strategy.

Refer to 'Appendix 5 – Entity-specific disclosures for Credit Suisse AG' in the appendices to the UBS group Sustainability Report 2023 for more details on how Credit Suisse sustainability governance was integrated into UBS group.

Governance

UBS AM has strongly contributed to the UBS group-wide strategy and expanded its collaboration with the Group-wide sustainability resources.

Within UBS AM, there are a number of governance forums that support and oversee implementation of respective Asset Management sustainability-related policies and the sustainable investing ('SI') strategic program across the business division, including Asset Management UK which includes CSAML. The SI Prioritisation Forum provides oversight of the SI strategic program, sets key priorities and strategic direction, makes key decisions of commercial relevance and ensures a successful delivery of the SI program.

The SI Methodology Forum provides oversight of SI policies and guidelines, data and methodologies as well as the investment process criteria applied in the Sustainable Investing framework (including exclusions, ESG integration and the sustainability-focused and impact offering) across investment areas.

The Stewardship Committee oversees proxy voting standards and processes, and corporate governance practices, as well as engagement program activities (including exclusion decisions). It also oversees the research process on United Nations Global Compact credible corrective action and Sustainability and Climate Risk ('SCR') Watchlist cases. The Stewardship Committee is the representative body for approving membership of industry organisations related to stewardship.

The Board of CSAML is ultimately responsible for oversight of climate-related risks as part of overall responsibility for adequate risk management. The Board delegates general day to day business conduct and also risk management and monitoring (including sustainability risk) to a number of committees. At the monthly Executive and Risk Committees, investment teams in addition to an independent risk control function report on sustainability related matters across key asset classes as part of the regular risk reporting.

The Boards meet quarterly and any matters of appropriate significance across all key risks (including, but not limited to, sustainability-risk-related issues and any other relevant risks that the firm may be subject to in the conduct of its on-going operations and business activities) are escalated to the relevant global forums or functions.

Refer to the 'Governance' section of the UBS Climate and Nature 2023 report for additional information on sustainability governance.

Refer to 'Appendix 5 – Entity-specific disclosures for Credit Suisse AG' in the appendices to the UBS group Sustainability Report 2023 for more details on how Credit Suisse sustainability governance was integrated into UBS group

Risk Management

CSAML will continue to align to UBS group's sustainability and climate risk framework, as required, to further integrate climate risk data and insights into investment management processes.

Refer to the 'Risk Management' section of the Climate and Nature 2023 report for additional information on sustainability and climate risk management activities.

Refer to 'Appendix 5 – Entity-specific disclosures for Credit Suisse AG' in the appendices to the UBS group Sustainability Report 2023 for more details on how Credit Suisse sustainability governance was integrated into UBS group.

Metrics and Targets

To support the net-zero ambition, UBS Group has established a suite of metrics and targets across financing, investing and own operations. Helping clients to navigate the challenges of an orderly transition to a low-carbon economy and build climate resilient business models, as well as mobilising private and institutional capital toward this transition, is at the core of the ambition and approach to climate. UBS AM UK is actively supporting the transition to a low-carbon economy within the Asset Management business division.

Refer to the 'Metrics and Targets' section of the Climate and Nature 2023 report for additional information on sustainability related metrics and targets.

Refer to 'Appendix 5 – Entity-specific disclosures for Credit Suisse AG' in the appendices to the UBS group Sustainability Report 2023 for more details on how Credit Suisse sustainability governance was integrated into UBS group.

Compliance Statement

CSAML confirms that the disclosures (including any third-party or group disclosures cross-referenced in it) comply with the applicable requirements under the ESG Sourcebook for TCFD entity reporting as at 19 April 2024.

Marc Berryman
Director

One Cabot Square
London E14 4QJ
19 April 2024

Directors' Report

Directors

The directors of the Company are set out on page 3.

Changes in the directorate from 1 January 2023 to the date of this report are as follows:

Appointments:

- Justin Gillott was appointed on 19 January 2023
- Jo McCaffrey was appointed on 23 January 2023
- Gavin Byrnes was appointed on 20 September 2023

Resignations:

- Michael Murphy resigned on 28 March 2023
- Jo McCaffrey resigned on 14 July 2023

None of the directors who held office at the end of the financial year were directly beneficially interested, at any time during the year, in CSAML's shares. CSAML's directors benefited from qualifying third-party indemnity provisions in place during the financial year and at the date of this report.

Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' Report and the Financial Statements of the Company in accordance with applicable law and regulations.

Company law requires the directors to prepare CSAML's Financial Statements for each financial year. Under that law, the directors have prepared the CSAML Financial Statements in accordance with UK-adopted international accounting standards ('UK-adopted IFRS's').

Under company law the directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these Financial Statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;

- State whether, for CSAML, applicable UK-adopted IFRS's have been followed, subject to any material departures disclosed and explained in the Financial Statements;

- Make judgements and accounting estimates that are reasonable and prudent; and

- Prepare the financial statements on the going concern basis unless it is appropriate to presume that the Company will continue in business.

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its Financial Statements comply with the Companies Act 2006.

Directors' Confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which CSAML's auditors are not aware; and

- they have taken all steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that CSAML's auditors are aware of that information.

Dividends

No dividends were paid or are proposed for the year ended 31 December 2023 (2022: nil).

Going Concern

Going concern is detailed in Note 2 Material Accounting Policies.

Risk and Capital

The risks are detailed in Note 22 Financial risk management.

Political Donations

No political donations were made and no political expenditure incurred during the 2023 financial year (2022: nil).

Research and Development

CSAML did not undertake activities in the field of research and development during the year.

Statement on Directors' Relationships with Clients, Suppliers and Other Stakeholders

Information pertaining to the directors' engagement with clients, suppliers and other stakeholders can be found in the Strategic Report.

Future Developments, Employee Engagement and Policy on Employment of Disabled Persons

Further developments impacting CSAML and information in relation to employee engagement is detailed under the Strategic Report.

Branches and Representative Offices

CSAML does not have any branches or representative offices.

Streamlined Energy and Carbon Reporting ('SECR')

UBS group, including CSAML, is committed to enabling a more environmentally sustainable economy and recognises climate change as one of the most significant risks facing the planet.

As a global financial institution, the UBS group has an important role to play in encouraging sustainable production and consumption practices, enabling diversity, equity and inclusion, channelling capital flows towards sustainable finance and encouraging the continued shift towards sustainable and impact investment.

One of the ways the UBS group communicates progress against sustainability targets is through local reporting frameworks. The UK Government's guidance on SECR provides and opportunity to focus on energy and carbon associated with UK operations. The below states the Credit Suisse UK facilities, fleet, rental car and private car electricity and fuel consumption, plus the associated carbon emissions. The figures have been produced in line with Greenhouse Gas Protocol calculation and disclosure methodology.

Disclosures	2023		2022[1]	
	UK	CSAML	UK	CSAML
Energy consumption used to calculate emissions (kWh)	46,092,488	988,284	55,805,990	1,168,638
Building Energy Use (kWh)	46,073,051	987,868	55,782,040	1,168,136
Transport Energy Use (kWh)	19,437	417	23,950	502
Emissions from stationary combustion of gas (Scope 1)	283	6	328	7
Emissions from combustion of fuel for transport purposes (Scope 1)	—	—	—	—
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3)	3	—	4	—
Emissions from purchased electricity (Scope 2, location-based)	8,652	186	10,346	217
Emissions from purchased electricity (Scope 2, market-based)[2]	—	—	1,431	30
Total gross location-based CO2e based on above	8,935	192	10,674	224
Total gross market-based CO2e based on above	283	6	582	12
GHG Intensity (tCO2e gross location-based GHG emissions/FTE)	2.7	2.7	2.9	2.9

[1]2022 Green House Gasses emissions have been restated, resultant of adoption of UBS group reporting systems and processes.

Methodology, Changes and Restatements

Credit Suisse follows the World Resources Institute ('WRI') and the World Business Council for Sustainable Development ('WBCSD') in the Greenhouse Gases ('GHG') Protocol Corporate Accounting and Reporting Standard ('GHG Protocol Corporate Standard').

For emissions from purchased or acquired electricity (scope 2 emissions), CSAML follows the GHG Protocol Scope 2 guidance: An amendment to the GHG Protocol Corporate Standard. For Scope 3 emissions, CSMAL adheres to the WRI/WBCSD's Corporate Value Chain (Scope 3) Accounting and Reporting Standard ('GHG Protocol Scope 3 Standard').

Scope 1 emissions include natural gas from building energy consumption and gasoline/diesel fleet. Scope 2 emissions include purchased electricity. Scope 3 emissions include fuel used in rental cars and personal cars on business use.

In 2023, CS group migrated to the UBS group reporting framework, resulting in a number of key methodological changes. As a result, 2022 data has been restated to align with the new methodology and to provide a like-for-like comparison with 2023 data. The key changes are as follows:

- The adoption of new estimation calculations for assets with no actual consumption data, using a regression model utilising similar buildings;
- The removal of biogenic emissions disclosures for all biofuel direct and indirect consumption; and
- Consistent emissions factors year-on-year

CSAML does not own or operate any assets and instead merely occupies a building owned and operated by Credit Suisse International ('CSi').

CSAML has been allocated 2.1% of the total energy consumption in the UK based on its percentage of total UK FTE (2022: 2.1%).

Independent Auditors

Pursuant to Section 487 of the Companies Act 2006 the auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office ass external auditors.

Following its acquisition of Credit Suisse Group AG, UBS Group AG intends to appoint the UBS external auditor, Ernst & Young Ltd ('EY'), to conduct the financial and regulatory audits for the acquired subsidiaries of Credit Suisse Group AG for the financial year 2024, replacing PricewaterhouseCoopers LLC and consolidating the financial and regulatory audits UBS-wide with EY. The CSAML audit committee will be looking to recommend and appoint EY as the regulatory and statutory auditor of CSAML for the financial year 2024 in the next few months.

Subsequent Events

Subsequent events following the year ended 31 December 2023 are set out in Note 23 Subsequent events.

On behalf of the Board

Marc Berryman
Director

One Cabot Square
London E14 4QJ
19 April 2024

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

Report on the audit of the financial statements

Opinion

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

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

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

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

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

Reporting on other information

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

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

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

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

Strategic report and Directors' Report

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

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

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

INCOME STATEMENT FOR THE YEAR ENDED 31 December 2023

	Note	2023 £000	2022 £000
Continuing operations			
Interest income	4	16,047	8,882
- of which relates to financial instruments held at fair value through profit or loss		15,613	8,569
- of which relates to financial instruments held at amortised cost		434	313
Interest expense	4	(11,306)	(1,470)
- of which relates to financial instruments held at amortised cost		(11,306)	(1,470)
Net interest income		**4,741**	**7,412**
Management advisory, performance and other service fees	5	48,856	53,204
Provision for credit losses		1	12
Unrealised gain/(loss) from financial assets at fair value through profit or loss	5	14,133	(22,959)
Realised gain from financial assets at fair value through profit or loss		190	—
Other revenue and foreign exchange fluctuations		(42)	271
Net revenue		**67,879**	**37,940**
Compensation and benefits	6	(45,769)	(38,260)
Expenses reimbursed to other UBS group companies		(14,824)	(6,820)
Other expenses	6	(4,181)	(5,750)
Occupancy expenses		(1,026)	(1,174)
Total operating expenses		**(65,800)**	**(52,004)**
Profit/ (Loss) before tax from continuing operations		**2,079**	**(14,064)**
Income tax (charge)/ benefit from continuing operations	7	(776)	2,521
Profit/ (Loss) after tax from continuing operations		**1,303**	**(11,543)**
Discontinued operations			
Profit/ (Loss) before tax from discontinued operations	13	**262**	**3,748**
Income tax (charge)/ benefit from discontinued operations	7	**(76)**	**(729)**
Profit/ (Loss) after tax from discontinued operations		**186**	**3,019**
Profit/ (Loss) attributable to the equity holders of the Company		**1,489**	**(8,524)**

There were no items of other comprehensive income during the year.

Discontinued operations in 2022 and 2023 relates to transfer of the PFG business to the Investment Banking ('IB') division and to an entity in UBS group.

The notes on pages 28 to 65 form an integral part of these Financial Statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 December 2023

	Note	2023 £000	2022 £000
Current assets:			
Cash and due from banks	15	223,387	208,523
Amounts owed by UBS group companies	8	2,864	14,906
Fees and other receivables	9	15,997	23,853
Non-current assets:			
Fees and other receivables	9	1,095	—
Deferred tax assets	7	3,807	5,190
Non-trading financial assets:	20		
- mandatorily at fair value through profit or loss		271,433	253,306
Total assets*		**518,583**	**505,778**
Current Liabilities:			
Due to banks		—	4
Current tax liability	7	—	3,302
Amounts owed to UBS group companies		18,954	5,806
Other liabilities	10	18,174	19,509
Short-term borrowings	11	270,543	260,692
Non current liabilities:			
Amounts owed to UBS group companies		—	4,298
Other liabilities	10	6,994	9,738
Total liabilities*		**314,665**	**303,349**
Shareholders' equity			
Called up share capital	12	45,020	45,020
Capital contribution reserve		57,243	57,243
Share premium account		20,989	20,989
Retained earnings		80,666	79,177
Total shareholders' equity		**203,918**	**202,429**
Total liabilities and shareholders' equity		**518,583**	**505,778**

*Total assets and total liabilities includes both continuing and discontinued operations; amounts related to discontinued operations are disclosed in Note-13.Discontinued operations

The notes on pages 28 to 65 form an integral part of these Financial Statements.

The financial statements on pages 24 to 65 were approved by the Board of Directors on 19 April 2024 and signed on its behalf by

Marc Berryman
Director

COMPANY REGISTRATION NUMBER: 01688075

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 December 2023

	Called-up share capital	Capital contribution reserve	Share premium	Retained earnings	Total Shareholders' equity
	£000	£000	£000	£000	£000
Balance as at 1 January 2022	**45,020**	**57,243**	**20,989**	**87,701**	**210,953**
Profit/ (Loss) for the financial year	—	—	—	(8,524)	(8,524)
Balance as at 1 January 2023	**45,020**	**57,243**	**20,989**	**79,177**	**202,429**
Profit/ (Loss) for the financial year	—	—	—	1,489	1,489
Balance as at 31 December 2023	**45,020**	**57,243**	**20,989**	**80,666**	**203,918**

The notes on pages 28 to 65 form an integral part of these Financial Statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 December 2023

	Note	**2023** £000	**2022** £000
Cash flows from operating activities			
Profit/ (Loss) before tax for the year		2,341	(10,316)
Adjustments to reconcile net profit/ (loss) to net cash generated from/ (used in) operating activities			
Net interest income on financing and investing activities		(4,312)	(7,166)
Non-cash items included in profit/ (loss) before tax:			
Unrealised (gains)/ losses on Debt Securities designated at FV through P&L	5	(14,133)	22,962
Net foreign exchange losses/ (gains)		404	(859)
Allowance for credit losses		(1)	(12)
Cash (used in)/ generated before changes in operating assets and liabilities		**(15,701)**	**4,609**
Amounts owed by UBS group companies	8	12,043	959
Fees and Other receivables		10,253	(10,800)
Net decrease/ (increase) in operating assets		**22,296**	**(9,841)**
Amounts owed to UBS group companies		8,850	3,853
Other liabilities	10	(9,965)	(4,786)
Net decrease in operating liabilities		**(1,115)**	**(933)**
Group relief paid		(4,829)	(2,177)
Net cash generated/ (used in) from operating activities		**651**	**(8,342)**
Cash flows from investing activities			
Investment in Debt securities		(22,069)	(66,897)
Redemption of investment in Debt securities		13,993	31,308
Interest received on Debt securities		14,183	7,812
Net cash generated from/ (used in) Investing activities		**6,107**	**(27,777)**
Cash flows from financing activities			
Short term borrowings taken	11	139,861	243,570
Repayment of short term borrowings	11	(125,891)	(241,456)
Interest paid on short term borrowings	11	(5,391)	(948)
Net Cash generated from financing activities		**8,579**	**1,166**
Net increase/(decrease) in cash and cash equivalents		**15,337**	**(34,953)**
Cash and cash equivalents at 01 January		208,519	241,536
Effect of exchange rate fluctuations on cash and cash equivalents held		(469)	1,936
Cash and cash equivalents at 31 December		**223,387**	**208,519**

Cash and cash equivalents at the end of the year comprise:

	2023 £000	**2022** £000
Cash and due from banks	223,387	208,523
Due to banks	—	(4)
Cash and cash equivalents at the end of the year	**223,387**	**208,519**

CSAML has elected to present a statement of cash flows that analyses all cash flows in total – i.e. including both continuing and discontinued operations; amounts related to discontinued operations are disclosed in Note-13.Discontinued operations

The notes on pages 28 to 65 form an integral part of these Financial Statements.

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

1. General

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

2. Material accounting policies

a) Statement of compliance

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

b) Basis of preparation

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

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period or in the period of revision and future periods if the revision has a significant effect on both current and future periods.

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

Going Concern

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

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

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

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

2. Material accounting policies (continued)

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

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

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

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

c) Interest income and expense

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

d) Revenue

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

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

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

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

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

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

2. Material accounting policies (continued)

e) Allocation of expenditure

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

f) Share-based payments

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

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

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

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

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

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

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

g) Holiday pay

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

h) Other compensation plans

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

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

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

2. Material accounting policies (continued)

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

i) Retirement benefit costs

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

j) Foreign currency

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

k) Income tax and Deferred tax

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

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

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

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

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

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

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

2. Material accounting policies (continued)

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

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

l) Cash and due from banks

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

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

m) Other receivables

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

n) Financial assets and liabilities

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

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

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

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

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

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

2. Material accounting policies (continued)

o) Impairment of financial assets

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

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

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

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

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

Grouping financial assets measured on a collective basis:

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

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

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

Impairment on receivables

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

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

2. Material accounting policies (continued)

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

p) Fair value

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

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

q) Dividends

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

r) Provisions

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

s) Discontinued Operations

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

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

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

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

2. Material accounting policies (continued)

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

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

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

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

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

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

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

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

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

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

3. Critical accounting estimates and judgements

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

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

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

Valuation of investments in debt securities

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

Critical estimate

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

Structured entities

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

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

Key judgements

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

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

4. Net interest income

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

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

Amounts in the above note includes continued operations.

5. Non-interest income

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

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

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

Amounts in the above note includes continued operations.

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

6. Operating expenses

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

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

The following table sets forth the details of other expenses:

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

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

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

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

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

Amounts in the above note includes continued operations.

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

7. Income tax (charge)/ benefit

a) Analysis of Tax Expense for the Year

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

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

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

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

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

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

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

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

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

b) Deferred Taxes

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

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

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

Deferred tax assets are attributable to the following items:

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

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

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

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

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

Amounts in the above note includes continued and discontinued operations.

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

8. Amounts owed by UBS group companies

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

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

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

Amounts in the above note includes continued and discontinued operations.

9. Fees and other receivables

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

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

Amounts in the above note includes continued and discontinued operations.

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

10. Other liabilities

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

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

Amounts in the above note includes continued and discontinued operations.

11. Short-term borrowings

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

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

2023
£000

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

2022
£000

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

Amounts in the above note includes continued and discontinued operations.

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

12. Called up share capital

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

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

Amounts in the above note includes continued and discontinued operations.

13.Discontinued operations

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

Income statement from discontinued operations:

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

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

13.Discontinued operations (continued)

Statement of financial position for discontinued operations:

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

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

14 Capital adequacy

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

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

Regulatory adjustments include a deduction for prudent valuation.

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

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

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

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

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

14 Capital adequacy (continued)

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

Amounts in the above note includes continued and discontinued operations.

15 Related party transactions

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

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

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

a) Related Party Assets and Liabilities

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

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

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

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

15 Related party transactions (continued)

b) Related Party Revenues and Expenses

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

c) Remuneration of Directors

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

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

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

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

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

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

15 Related party transactions (continued)

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

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

Remuneration of Key Management Personnel

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

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

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

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

UBS group shares awarded to Key Management Personnel

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

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

Loans and Advances to Key Management Personnel

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

Amounts in the above note includes continued and discontinued operations.

16 Employee share-based compensation and other compensation benefits

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

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

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

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

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

Share awards

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

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

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

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

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

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

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

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

Performance share awards ('PSA')

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

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

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

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

Movements in the number of PSA outstanding were as follows:

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

*Includes downward adjustment applied to outstanding performance share awards.

Strategy Delivery Plan ('SDP')

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

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

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

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

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

Movements in the number of SDP outstanding were as follows:

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

Transformation Phantom Share Awards ('TA')

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

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

Movements in the number of TA outstanding were as follows:

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

Contingent Capital Awards

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

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

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

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

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

Notional Hedge Fund Awards ('HFN')

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

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

Upfront cash awards ('UCA')

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

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

Deferred Cash Awards

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

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

Amounts in the above note includes continued and discontinued operations.

17 Defined Contribution Pension Plan

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

Amounts in the above note includes continued and discontinued operations.

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

18 Employees

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

	2023	2022
No. of employees	70	78

19 Commitments

The following table sets forth details of commitments for 2023:

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

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

Amounts in the above note includes continued and discontinued operations.

20 Financial Instruments

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

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

a) Analysis of financial instruments by categories

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

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

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

20 Financial Instruments (continued)

2023

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

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

2022

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

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

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

Fair value hierarchy

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

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

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

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

20 Financial Instruments (continued)

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

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

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

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

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

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

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

Movements of Level 3 instruments

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

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

20 Financial Instruments (continued)

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

2023

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

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

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

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

2022

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

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

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

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

Transfers in and out of Level 3

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

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

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

20 Financial Instruments (continued)

Disclosure of Valuation Techniques

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

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

Quantitative Information about Level 3 Assets at Fair Value

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

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

Qualitative discussion of the ranges of significant unobservable inputs

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

Price

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

Sensitivity of fair values to reasonably possible alternative assumptions

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

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

20 Financial Instruments (continued)

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

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

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

As at 31 December 2023

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

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

As at 31 December 2022

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

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

20 Financial Instruments (continued)

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

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

Amounts in the above note includes continued and discontinued operations.

21 Disclosures of interest in other entities

Unconsolidated Structured Entities

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

Type of Structured Entity

Collateralised Loan Obligations

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

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

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

Interests in Unconsolidated Structured Entities

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

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

21 Disclosures of interest in other entities (continued)

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

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

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

Income from Interests in Unconsolidated Structured Entities

2023 £000				
				Income received
Structured entity type	**Fair value changes in the profit /(loss)**	**Interest income**	**Commission and fees**	**Total**
CLOs	14,323	15,613	35,969	65,905
Total	**14,323**	**15,613**	**35,969**	**65,905**

2022 £000				
				Income received
Structured entity type	**Fair value changes in the profit /(loss)**	**Interest income**	**Commission and fees**	**Total**
CLOs	(22,959)	8,569	38,132	23,742
Total	**(22,959)**	**8,569**	**38,132**	**23,742**

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

Amounts in the above note includes continued and discontinued operations.

22 Financial risk management

a) Overview

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

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

22 Financial risk management (continued)

Risk Governance

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

Risk Organisation

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

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

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

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

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

Risk Governance Committees

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

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

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

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

22 Financial risk management (continued)

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

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

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

b) Credit Risk

Overview

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

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

22 Financial risk management (continued)

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

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

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

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

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

Maximum Exposure to Credit Risk and Credit Quality Analysis

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

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

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

22 Financial risk management (continued)

Other Assets and Fee Receivables

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

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

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

c) Liquidity Risk

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

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

CS group-wide Management of Liquidity Risk

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

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

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

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

22 Financial risk management (continued)

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

The Company's Management of Liquidity Risk

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

2023

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

2022

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

d) Market Risk

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

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

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

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

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

22 Financial risk management (continued)

Currency Risk

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

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

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

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

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

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

Interest Rate Risk

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

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

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

Amounts in the above note includes continued and discontinued operations.

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

23 Subsequent events

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

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