

Credit Suisse International

Unaudited Consolidated Interim
Financial Statements for the Six Months
Ended 30 June 2012

Credit Suisse International

Interim Management Report for the Six Months Ended 30 June 2012

The Directors present their Interim Management Report and the Condensed Consolidated Interim Financial Statements for the six months ended 30 June 2012.

International Financial Reporting Standards

Credit Suisse International's 2012 Condensed Consolidated Interim Financial Statements have been prepared in accordance with IAS 34, "Interim Financial Reporting" as adopted for use in the European Union ('EU'). The Condensed Consolidated Interim Financial Statements comprise Credit Suisse International ('CSi' or the 'Bank') and its subsidiaries – together referred to as the 'CSi group'.

The Condensed Consolidated Interim Financial Statements were authorised for issue by the Directors on 22 August 2012.

Business Review

Profile

Credit Suisse Group AG ('CSG'), a company domiciled in Switzerland, is the ultimate parent of a worldwide group of companies (collectively referred to as the 'CS group') specialising in Investment Banking, Private Banking and Asset Management. CSi is an unlimited liability company and an indirect wholly owned subsidiary of CSG. CSi is authorised under the Financial Services and Markets Act 2000 by the Financial Services Authority ('FSA').

As a leading financial services provider, CS group is committed to delivering its combined financial experience and expertise to corporate, institutional and government clients and high-net-worth individuals worldwide, as well as to retail clients in Switzerland. CS group serves its clients through three divisions, Investment Banking, Private Banking and Asset Management, which co-operate closely to provide holistic financial solutions based on innovative products and specially tailored advice. Founded in 1856, CS group has operations in over 50 countries and a team of more than 48,200 employees from approximately 100 different nations.

CSG prepares financial statements under US Generally Accepted Accounting Principles ('US GAAP'). These accounts are publicly available and can be found at www.credit-suisse.com.

CSi is a bank domiciled in the United Kingdom. It is a global market leader in over-the-counter ('OTC') derivative products from the standpoints of counterparty service, innovation, product range and geographic scope of operations. CSi offers a range of interest rate, currency, equity, commodity and credit-related OTC derivatives and certain securitised products. CSi's business is primarily client-driven, focusing on transactions that address the broad financing, risk management and investment concerns of its worldwide client base. CSi enters into derivative contracts in the normal course of business for market-making, positioning and arbitrage purposes, as well as for risk management needs, including mitigation of interest rate, foreign currency and credit risk.

Principal products/principal product areas

The CSi group has three principal business divisions: Fixed Income, Equities and Investment Banking, which are managed as a part of the Investment Banking Division of CS group.

- The Fixed Income Division ('FID') provides a complete range of derivative products including forward rate agreements, interest rate and currency swaps, interest rate options, bond options, commodities and credit derivatives for the financing, risk management and investment needs of its customers. FID also engages in underwriting, securitising, trading and distributing a broad range of financial instruments in developed and emerging markets including US Treasury and government agency securities, US and foreign investment-grade and high yield corporate bonds, money market instruments, foreign exchange and real-estate related assets.
- The Equity Division engages in a broad range of equity activities for investors including sales, trading, brokerage and market making in international equity and equity related securities, options and futures and OTC derivatives.

- The Investment Banking Division ('IBD') includes financial advisory services regarding mergers and acquisitions and other matters, origination and distribution of equity and fixed income securities, leveraged finance and private equity investments and, in conjunction with FID and Equities, capital raising services.

Economic environment

Global economic growth slowed in the first half of 2012, reflecting lower consumer confidence and business sentiment. In Europe, Gross Domestic Product ('GDP') expanded in Germany and was flat in France and contracted in the UK, Spain and Italy. Growth was reported for the US, Japan and Australia. Growth slowed in China and India. In the UK, GDP was estimated to have contracted by 0.7 per cent between the first and second quarters of 2012, with the construction sector making a substantial negative contribution to growth for the second consecutive quarter.

The UK labour market continued to show resilience in relation to the level of economic activity, with employment continuing to grow modestly.

The performance of the UK service sector was mixed in the first half of 2012, with growth in business services and finance and in the government sector offset by a contraction in the distribution, hotels and catering, transport, storage and communications sectors.

Consumer Price Index ('CPI') inflation stood at 3.1% in the first half of 2012, down from 2011. The fall reflected the effects of earlier increases in energy prices and VAT dropping out of the twelve-month comparison.

The Halifax and Nationwide house price indices fell by an average of 0.2% in the first half of 2012. These indices suggest that nominal house prices remain well below their pre-recession peaks and have been broadly flat over the past year, although they have continued to fall in real terms.

Gilt yields remain close to historically low levels. Domestic and international factors are both likely to have depressed yields. Domestically, the Bank of England's Asset Purchase Programme, and expectations that official interest rates will remain low, have reduced gilt yields. The current level of yields could also reflect expectations of weak output growth in the longer term. Internationally, persistent concerns about eurozone periphery countries have contributed to strong demand for sovereign bonds that are perceived as more liquid

or carrying little credit risk. The demand for UK sovereign bonds is likely to have contributed to the current depressed level of gilt yields.

Central banks around the world maintained relaxed fiscal and monetary policies. Australia cut rates by 75 basis points, with China and Brazil also lowering rates. The US Federal Reserve continued to shift its short-term US Treasury holdings towards longer-term securities. The Bank of England maintained the Bank Rate at 0.5% and increased the size of the Asset Purchase Programme by GBP 50 billion to GBP 375 billion.

The eurozone sovereign debt crisis remained a key theme in the first half of 2012. Greek elections in May did not result in a parliamentary majority and only renewed elections in June resulted in the formation of a coalition seeking continued participation of the country in the eurozone. In late June, Spain asked for a EUR 100 billion bailout package to recapitalise Spanish banks. European leaders agreed on further proposals to stabilise the eurozone, including a single banking supervisory mechanism run by the European Central Bank ('ECB') and authorising the European Stability Mechanism to inject funds into banks directly.

Sector environment

The outlook for financial stability has deteriorated, particularly in light of heightened uncertainty about how, and when, euro-area risks will be resolved. Official policy measures, including the ECB's longer-term refinancing operations, improved bank funding conditions and reduced market volatility in early 2012. But underlying concerns about sovereign indebtedness, banking sector resilience and imbalances across the eurozone persisted and the improvement in sentiment proved temporary. Such concerns have been reflected in a sustained redistribution of international capital away from vulnerable euro-area countries, and towards assets perceived as relatively safe.

European bank stocks reversed their outperformance in the first quarter, and were down 10% in the second quarter. Capital market funding for banks remained challenging. Moody's downgraded the ratings of 15 banks and securities firms with global capital markets operations. Banks took further steps to boost capital and adjust business models to reflect the sector's changing regulatory framework, especially in investment banking. With continued low activity levels, cost pressures remained high in the banking industry,

with many institutions continuing to focus on cost-cutting initiatives.

Credit growth remains weak in the United Kingdom, reflecting a combination of supply and demand influences. More recently, supply appears to have tightened further. Banks have been passing on higher funding costs in relation to both corporate and secured household lending. Various policy measures have been announced to stimulate lending, notably the 'Funding for Lending Scheme'. In addition, the Bank of England has activated the Extended Collateral Term Repo Facility, thus providing additional liquidity insurance to guard against prospective market stress.

In the first half of 2012, global equity markets were down 5%. Eurozone sovereign debt issues were the main driver of market volatility. Volatility increased in the second quarter from the low levels of the first quarter.

In fixed income markets, long-dated government bonds from top-rated countries recorded the strongest returns, benefiting from safe-haven flows. In contrast, sovereign bonds from most troubled Eurozone countries posted negative returns in the first half of 2012. Yields on Spanish government bonds reached record levels, while yields on German, US and UK government bonds decreased further to very low levels. In general, European corporate bonds underperformed their US counterparts. European sovereign debt concerns particularly weighed on financials and the utility sector in Europe. High yield bond spreads widened during the quarter, with European issuers most negatively affected. Emerging market sovereign spreads were generally more resilient, though more volatile issuers such as Argentina posted negative performance.

Tensions in the sovereign debt market in the eurozone and softening growth indicators were drivers in foreign exchange markets. Major currencies, including the euro and the Swiss franc, weakened against the US dollar. The Japanese yen showed the strongest performance of all major currencies. In 2012, the pound made gains against the single currency as the eurozone debt crisis re-erupted, up 15 percent on the euro since July 2011. As financial insecurity over the eurozone crisis deepens, the US dollar is becoming once more a safe-haven currency – the pound has fallen from USD 1.62 a year ago to around USD 1.56 currently. It is also down more than 5 percent on the Japanese yen over the last year. The Swiss franc remained slightly above the

minimum exchange rate of CHF 1.20 per euro previously declared by the Swiss National Bank, which intervened in currency markets in the first half of 2012 to defend the floor. Currencies of commodity rich countries such as Australia weakened as commodity prices fell.

Commodity markets saw sharp price declines in the first half of 2012 after gains at the start of the year. Concerns regarding the global economic slowdown, a stronger US dollar and the ongoing eurozone sovereign debt issues triggered pronounced selling pressure across most markets. Oil prices fell to levels last seen in the fourth quarter of 2011. The Credit Suisse Commodity Benchmark lost more than 10%.

Performance

For the first half of 2012, CSi group reported net income attributable to shareholders of USD 25 million (2011: USD 35 million).

Net revenues amounted to USD 1,335 million (2011: USD 1,231 million). After operating expenses, CSi group reported profit before taxes of USD 503 million (2011: USD 168 million).

Fixed Income revenues rose in the first half of 2012 by 32.7% to USD 1,436 million compared to the equivalent period in 2011. This was characterised by a strong first quarter and a weaker second quarter. Deteriorating market conditions in the second quarter was driven by increased uncertainty over the European sovereign debt crises. The main contribution to revenues arose from trading in Interest Rate derivatives, Credit Products and Emerging Markets, partially offset by further write downs on legacy wind-down positions.

Equity revenues were USD 580 million, a decrease of 14.2% compared to the equivalent period in 2011. This was driven by good performance in Equity Derivatives, both in the Structured and Flow Derivative businesses. Similarly to FID, the first quarter was strong, followed by a weaker second quarter due to deteriorating market conditions.

Investment Banking revenues were USD 133 million which is comparable with the equivalent period in 2011.

Included in net revenues are valuation losses of USD 86 million (2011: USD 42 million loss) as a result of fair value changes in financial liabilities due to changes in the CS group's own creditworthiness.

Net revenues also includes an expense for the period of USD 457 million (2011: USD 265 million) in relation to revenue sharing agreements with other CS group companies and the CSi group, and an expense of USD 334 million relating to term funding charges (2011: USD 291 million).

The CSi group's interim period operating expenses were USD 832 million (2011: USD 1,063 million).

Compensation costs have decreased by USD 100 million in the first half of 2012, primarily due to lower levels of bonus accruals in 2012, the impact of the CS share price on the valuation of deferred stock awards, and the roll-off of prior year awards which have been fully accrued.

General and administrative expenses reduced by USD 131 million to USD 599 million (2011: USD 730 million). This reduction was mainly as a result of a decrease of USD 59 million in overhead expense allocated from CS group in the first half of 2012, and a decrease of USD 71 million in brokerage and clearing house fees, primarily due to lower aluminium metal storage costs.

Net income for the first half of the year was significantly impacted by the increased tax charge. In the second quarter of 2012, the UK and US tax Authorities advised CSi group that they reached agreement on the Credit Suisse Advanced Pricing Agreement ('APA') application for the period 2004-2011. The APA sets out the transfer pricing methodology which determines the allocation of profits and losses to be taxed in each jurisdiction. As a result of this agreement, for tax purposes, CSi has reduced losses carried forward as at 30 June 2012 by USD 834 million, which resulted in an income tax expense of USD 324 million and an overall reduction in CSi's net deferred tax asset of USD 334 million.

The effective tax rate for the six months period to June 2012 was 95.03%. The effective tax rate is higher than the statutory rate primarily due to the decrease in the deferred tax asset due to the finalisation of the APA as well as the reduction in the UK statutory tax rate. The effective tax rate for the similar period in 2011 was 79.17%. In that period the effective tax rate was higher than the statutory rate primarily due to the reduction in the UK statutory tax rate.

As at 30 June 2012 the CSi group had total assets of USD 716,786 million (31 December 2011: USD 712,409 million), and total shareholders' equity of

USD 14,623 million (31 December 2011: USD 11,135 million).

Outlook

Credit Suisse expects the current volatile and challenging market conditions to continue for the medium term, with the European sovereign debt crisis the most significant concern. Credit Suisse is responding to this by continuing to maintain client focus, execute on risk reduction, and maintain an industry-leading strong capital position.

Credit Suisse has delivered considerable cost savings as previously announced and has identified further targeted savings to be achieved by the end of 2013. Expense reductions and capital discipline help to ensure the effectiveness of the Credit Suisse model going forward. A significantly reduced cost base provides Credit Suisse with considerable operating flexibility. With a business that has demonstrated resilience in a changing economic climate, Credit Suisse will further enhance its ability to best serve its clients and provide industry leading returns to shareholders.

The CSi group's business is primarily client-driven. A return to confidence in the market leading to increased client appetite should provide substantial upside to the CSi group performance.

Fair Value Measurement

Financial instruments carried at fair value are categorised under the three levels of the IFRS fair value hierarchy, where Level 3 comprises assets and liabilities for which the inputs for the asset or liability are not based on observable market data (unobservable inputs).

Total Level 3 assets were USD 17,660 million as at 30 June 2012 (31 December 2011: USD 20,483 million), which was equivalent to 2.5% of total assets.

Total Level 3 liabilities were USD 13,693 million as at 30 June 2012 (31 December 2011: USD 15,515 million), which was equivalent to 1.9% of total liabilities.

Selected European credit risk exposures

On a gross basis, before taking into account collateral and CDS hedges, CSi's risk-based sovereign credit risk exposure to Portugal, Italy, Ireland, Greece and Spain as at 30 June 2012 was USD 13.21 billion (net exposure USD 4.27 billion). CSi's non-sovereign risk-based credit risk

exposure to these countries as of the end of the interim period included gross exposure to financial institutions of USD 5.87 billion (net exposure USD 1.84 billion) and to corporate and other counterparties of USD 2.49 billion (net exposure USD 1.98 billion).

Capital Resources

Throughout the six months ended 30 June 2012 the Bank has accessed funding from CS group to ensure ongoing stability and support of its business activities. The Bank continues to closely monitor its capital and funding requirements on a daily basis. CS group has confirmed that it will ensure that the Bank is able to meet its debt obligations and maintain a sound financial position over the foreseeable future.

Issuances of medium and long term debt are set out in Note 13 to the Financial Statements.

In anticipation of the implementation of Basel III, the capital in CSi was restructured in February 2012. All classes of preference shares (held by CS Group AG ('CSG'), Credit Suisse Investments (UK) ('CSI (UK)'), and Credit Suisse PSL GmbH ('CS PSL')) amounting to USD 5,235 million and all callable subordinated loans (issued by CS PSL & Credit Suisse First Boston Finance B.V. ('CS Fin BV')) amounting to approximately USD 2,963 million have been redeemed and replaced by new participating shares, i.e. ordinary shares with no voting rights. Furthermore, 43,895,680,088 Participating shares of USD 1 were reduced to USD 0.1 per share (with a transfer between Share Capital and Share Premium as a result).

In addition, on 29 February 2012, CSi issued 555,555,555 Participating shares of USD 0.1 each, allotted and issued in cash.

Refer Note 13 Long Term Debt and Note 15 Called-up Share Capital and Share Premium for further details.

The Bank must at all times monitor and demonstrate compliance with the relevant regulatory capital requirements of the FSA. The Bank has processes and controls in place to monitor and manage its capital adequacy.

Subsidiary Undertakings and Branches

Credit Suisse First Boston International Warrants Limited was put into members' voluntary liquidation during 2005 by the Bank, and remains in liquidation.

Dividends

No dividends have been paid for the period ended 30 June 2012 (2011: USD Nil).

Directors

Changes in the directorate since 31 December 2011 and up to the date of this report are as follows:

Stephen Kingsley and Chris Carpmael were appointed as Directors with effect from 29 March 2012.

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

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

Subsequent Events

Following the repurchase of certain subordinated debt instruments, on 16 August 2012 additional share capital totalling USD 202 million was raised through the issuance of a further 2,021,658,519 Participating, non-voting shares of USD 0.1 each allotted and issued in cash at par which will contribute to core Tier 1 equity.

Credit Suisse International

Statement of Directors' Responsibilities

We confirm that to the best of our knowledge:

- The condensed set of financial statements has been prepared in accordance with IAS 34, "Interim Financial Reporting" as adopted by the EU;
- The Interim Management Report includes a fair review of the information required by:

(a) DTR 4.2.7R of the *Disclosure and Transparency Rules*, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

(b) DTR 4.2.8R of the *Disclosure and Transparency Rules*, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

Signed on behalf of the Board of Directors on 22 August 2012:



Chris Carpmael

Director

Credit Suisse International

Condensed Consolidated Interim Statement of Comprehensive Income for the six months ended 30 June 2012 (Unaudited)

	Reference to notes	Six month period ended 30 June 2012	Six month period ended 30 June 2011
Condensed consolidated interim statement of comprehensive income (USD million)			
Interest income		582	594
Interest expense		(656)	(606)
Net interest expense	4	(74)	(12)
Commission and fee income		79	89
Commission and fee expense		(78)	(112)
Net commission and fee income/expense	6	1	(23)
Release of provision/(provision) for credit losses	5	41	(4)
Net gains from financial assets/liabilities at fair value through profit or loss	10	1,830	1,530
Revenue sharing agreements expense	7	(457)	(265)
Other (expense)/revenue		(6)	5
Net revenues		1,335	1,231
Compensation and benefits	8	(233)	(333)
General and administrative expenses	9	(599)	(730)
Total operating expenses		(832)	(1,063)
Profit before taxes		503	168
Income tax charge	12	(478)	(133)
Net Profit		25	35
Net profit attributable to Credit Suisse International shareholders		25	35

Profit for both 2012 and 2011 is from continuing operations.

The notes on pages 12 to 27 are an integral part of these Financial Statements.

Credit Suisse International

Condensed Consolidated Interim Statement of Financial Position as at 30 June 2012 (Unaudited)

	Reference to notes	30 June 2012	31 December 2011
Assets (USD million)			
Cash and due from banks		21,968	14,795
Interest-bearing deposits with banks		110	1,496
Securities purchased under resale agreements and securities borrowing transactions		27,294	29,406
Trading financial assets at fair value through profit or loss	11	573,325	574,734
Of which positive market values from derivative instruments	11	525,741	529,346
Financial assets designated at fair value through profit or loss		20,340	18,701
Other loans and receivables		13,914	14,343
Other investments		31	31
Investment property		524	561
Current tax assets		68	51
Deferred tax assets		1,344	1,843
Other assets		57,171	55,744
Intangible assets		422	407
Property and equipment		275	297
Total assets		716,786	712,409
Liabilities and shareholders' equity (USD million)			
Deposits		5,243	4,451
Securities sold under repurchase agreements and securities lending transactions		10,376	6,971
Trading financial liabilities at fair value through profit or loss	11	546,615	551,224
Of which negative market values from derivative instruments	11	536,491	540,734
Financial liabilities designated at fair value through profit or loss		36,914	31,352
Short term borrowings		28,479	32,742
Other liabilities		46,257	42,835
Provisions		22	26
Long term debt	13	28,257	31,673
Total liabilities		702,163	701,274
Shareholders' equity			
Called-up share capital	15	1,405	9,625
Share premium	15	12,699	1,016
Retained earnings		519	494
Total shareholders' equity		14,623	11,135
Total liabilities and shareholders' equity		716,786	712,409

The accompanying notes on pages 12 to 27 are an integral part of these Financial Statements.

Approved by the Board of Directors on 22 August 2012 and signed on its behalf by:



Chris Carpmæl

Director

Credit Suisse International

Condensed Consolidated Interim Statement of Changes in Equity for the six months ended 30 June 2012 (Unaudited)

	Reference to note	Called up Share Capital	Share Premium	Retained Earnings	Total
Condensed consolidated interim statement of changes in equity (USD million)					
Balance at 1 January 2012		9,625	1,016	494	11,135
Total comprehensive income for the period					
Net profit for the period		-	-	25	25
Transactions with the shareholders, recognised directly in equity					
	15				
Cancellation of shares relating to capital restructuring ¹		-	-	-	-
Reduction in face value of Ordinary shares ²		-	-	-	-
Transfer of Participating shares relating to capital restructuring		(3,951)	3,951	-	-
Transfer of Preference shares relating to capital restructuring		(5,235)	5,235	-	-
Issuance of Participating shares relating to capital restructuring		581	(581)	-	-
Conversion of subordinated debt to Participating shares relating to capital restructuring		329	2,634	-	2,963
Issue of Participating shares		56	444	-	500
Balance at 30 June 2012		1,405	12,699	519	14,623

¹ The cancellation is USD 200 but shown as Nil as the statement is presented in USD million.

² The reduction is USD 112 but shown as Nil as the statement is presented in USD million.

	Reference to note	Called up Share Capital	Share Premium	Retained Earnings	Total
Condensed consolidated interim statement of changes in equity (USD million)					
Balance at 1 January 2011		9,625	1,016	772	11,413
Net profit for the period		-	-	35	35
Balance at 30 June 2011		9,625	1,016	807	11,448

There were no dividends paid during the six months ended 30 June 2012 (Six months ended 30 June 2011: Nil).

The accompanying notes on pages 12 to 27 are an integral part of these Financial Statements.

Credit Suisse International

Condensed Consolidated Interim Statement of Cash Flows for the six months ended 30 June 2012 (Unaudited)

	Reference to notes	30 June 2012	30 June 2011
Cash flows from operating activities (USD million)			
Profit before tax for the period		503	168
Adjustments to reconcile net profit to net cash used in operating activities (USD million)			
Non-cash items included in net profit before tax and other adjustments:			
■ Depreciation and amortisation		106	93
■ Impairment of intangible assets and investment property		14	-
■ Loss on disposal of property and equipment		-	1
■ Accrued interest on long term debt	4	293	337
■ (Release of allowance for loan loss)/ Provision for credit losses	5	(41)	3
■ Foreign exchange losses/(gains)		(243)	636
■ Provisions		22	10
Total adjustments		151	1,080
Cash generated before changes in operating assets and liabilities		654	1,248
Net decrease/(increase) in operating assets:			
■ Interest-bearing deposits with banks		-	(2,029)
■ Securities purchased under resale agreements and securities borrowing transactions		2,112	(2,733)
■ Trading financial assets at fair value through profit or loss		1,409	3,400
■ Financial assets designated at fair value through profit or loss		(1,639)	(2,058)
■ Other loans and receivables		470	398
■ Other assets		(1,425)	(3,789)
Net decrease/ (increase) in operating assets		927	(6,811)
Net (decrease)/increase in operating liabilities:			
■ Deposits		(545)	551
■ Securities sold under resale agreements and securities lending transactions		3,405	2,065
■ Trading financial liabilities at fair value through profit or loss		(4,609)	(9,600)
■ Financial liabilities designated at fair value through profit or loss		5,562	3,246
■ Short term borrowings		(4,263)	(3,896)
■ Other liabilities and provisions		3,435	4,758
■ Share based compensation		(39)	-
Net increase/ (decrease) in operating liabilities		2,946	(2,876)
■ Income taxes refund		3	147
■ Income taxes paid		(2)	-
Net cash generated from / (used in) operating activities		4,528	(8,292)
Cash flows from investing activities (USD million)			
Capital expenditure for property, equipment and intangible assets		(98)	(131)
Net cash used in investing activities		(98)	(131)
Cash flow from financing activities (USD million)			
Issuance of long term debt	13	30	1,306
Issue of shares		500	-
Repayment of long term debt		(510)	(26)
Net cash flow generated from financing activities		20	1,280
Net increase/ (decrease) in cash and due from banks			
		4,450	(7,143)
Cash and due from banks at beginning of period		12,568	18,139
Cash and due from banks at end of period (USD million)		17,018	10,996
Cash and due from banks		21,968	15,540
Demand deposits		(5,060)	(4,544)
Interest-bearing deposits with banks		110	-
Cash and due from banks at end of period (USD million)		17,018	10,996

Refer to Note 15 Called up Share Capital and Share Premium for significant non cash transactions.

The accompanying notes on pages 12 to 27 are an integral part of these Financial Statements.

Credit Suisse International

Notes to the Condensed Consolidated Interim Financial Statements for the Six Months Ended 30 June 2012 (Unaudited)

1. General

Credit Suisse International ('CSi' or the 'Bank') is a bank domiciled in the United Kingdom. The address of the Bank's registered office is One Cabot Square, London, E14 4QJ. The Condensed Consolidated Interim Financial Statements were authorised for issue by the Directors on 22 August 2012.

2. Significant Accounting Policies

a) Basis of preparation

The accompanying unaudited condensed consolidated financial statements of the CSi group are prepared in accordance with IAS 34 "Interim Financial Reporting" ('IAS 34') as adopted for use in the European Union ('EU') and are stated in United States Dollars ('USD') rounded to the nearest million. Certain financial information, which is normally included in annual consolidated financial statements prepared in accordance with International Financial Reporting Standards ('IFRS') but not required for interim reporting purposes, has been condensed or omitted. These condensed consolidated financial statements should be read in conjunction with the IFRS consolidated financial statements and notes thereto for the year ended 31 December 2011. Except as described below, the accounting policies applied by the CSi group in these condensed consolidated interim financial statements are the same as those applied by the CSi group in its consolidated financial statements for the year ended 31 December 2011.

The condensed consolidated interim financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments held for trading, financial instruments that are hedged as part of a designated hedging relationship and financial instruments designated by the CSi group as at fair value through profit and loss.

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

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

The CSi group and the Bank have unrestricted and direct access to funding sources of CS group. After making enquiries of the CS group, the Directors of the Bank have received a confirmation that CS group will ensure that the Bank maintains a sound financial position and is able to meet its debt obligations for the foreseeable future. Accordingly the Directors have prepared these Condensed Consolidated Interim Financial Statements on a going concern basis.

Standards and Interpretations recently adopted

The CSi group has adopted the following amendments and interpretation in the current year:

Amendments to IFRS 7, "Financial Instruments-Disclosures – Transfers of Financial Assets":- The amendments improve the understanding of transfer transactions of financial assets (for example, securitisations) by users of financial statements, including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. The Amendments to IFRS 7 relate to disclosure only and therefore had no impact upon adoption. The disclosures required as a result of adoption will be included in the financial statements for the year ending 31 December 2012 as these are condensed financial statements.

Standards and Interpretations endorsed by the EU and not yet effective

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

- Amendments to IAS 1 "Presentation of Items of Other Comprehensive Income": - In June 2011, the IASB issued "Presentation of Items of Other Comprehensive Income" (Amendments to IAS 1 Presentation of Financial Statements). The amendments require entities to group together items within Other Comprehensive Income that will and will not subsequently be reclassified to the profit or loss section of the income statement. The amendments also reaffirm existing requirements that items in Other Comprehensive Income and profit or loss should be presented as either a single statement or two consecutive statements. The amendments are effective for annual periods beginning on or after 1 July 2012. As the amendments impact presentation only, they will not have a material impact on the CSi group's financial position, results of operations or cash flows.
- Amendments to IAS 19 "Employee Benefits": - In June 2011, the IASB issued Amendments to IAS 19 "Employee Benefits" ('IAS 19'). Among other changes, the amendments eliminate the option that allowed an entity to defer the recognition of changes in net defined benefit liability and amend the disclosure requirements for defined benefit plans and multi-employer plans. The amendments are effective for annual periods beginning on or after 1 January 2013. The CSi group is currently evaluating the impact of adopting the IAS 19 amendments.

Standards and Interpretations not endorsed by the EU and not yet effective

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

- IFRS 10 "Consolidated Financial Statements": – In May 2011, the IASB issued IFRS 10, "Consolidated Financial Statements" ('IFRS 10'). The objective of IFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this may be difficult to assess. IFRS 10 is effective for annual periods beginning on or after 1 January 2013. The CSi group is currently evaluating the impact of adopting IFRS 10.
- IFRS 11 "Joint Arrangements": - In May 2011, the IASB issued IFRS 11 Joint Arrangements "Joint Arrangements" ('IFRS 11'). IFRS 11 specifies that a party to a joint arrangement determines the type of joint arrangement in which it is involved by assessing its rights and obligations. IFRS 11 is effective for annual period beginning on or after 1 January 2013. The CSi group is currently evaluating the impact of adopting IFRS 11.
- IFRS 12 "Disclosure of Interests in Other Entities": - In May 2011, the IASB issued IFRS 12 "Disclosures of Interests in Other Entities" ('IFRS 12'). IFRS 12 requires entities to disclose information that enables users of the financial statement to evaluate the nature of and any associated risks of its interests in other entities and the effects of those interests on its financial

position, financial performance and cash flows. IFRS 12 requires disclosure requirements for subsidiaries, joint arrangements and associates and introduces new requirements for unconsolidated structured entities. IFRS 12 is effective for annual periods beginning on or after 1 January 2013. As IFRS 12 requires disclosures only it will not have a material impact on the CSi group's financial position, results of operation or cash flows.

- IFRS 9 "Financial Instruments": - In November 2009 the IASB issued IFRS 9 "Financial Instruments" ('IFRS 9') covering the classification and measurement of financial assets which introduces new requirements for classifying and measuring financial assets. In October 2010, the IASB reissued IFRS 9, which incorporated new requirements on the accounting for financial liabilities. The effective date of IFRS 9 was revised in December 2011, making it applicable for annual periods beginning 1 January 2015. The CSi group is currently evaluating the impact of adopting IFRS 9.
- IFRS 13 "Fair Value Measurement": - In May 2011, the IASB issued IFRS 13 "Fair Value Measurement" ('IFRS 13'). IFRS 13 defines fair value, sets out a framework for measuring fair value and requires disclosure requirements about fair value measurements. IFRS 13 applies to IFRSs that require or permit fair value measurements or disclosures about fair value measurements, except in specified circumstances. IFRS 13 is effective for annual periods beginning on or after 1 January 2013. The CSi group is currently evaluating the impact of adopting IFRS 13.
- IFRS 7 "Disclosures- Offsetting Financial Assets and Financial Liabilities": - In December 2011, the IASB issued amendments to IFRS 7 "Disclosures – Offsetting Financial Assets and Financial Liabilities" ('IFRS 7'). The amendments require disclosures about the effect or potential effects of offsetting financial assets and financial liabilities and related arrangements on an entity's financial position. The amendments are effective for annual periods beginning on or after 1 January 2013. As the amendment requires disclosures only it will not have a material impact on the CSi group's financial position, results of operations or cash flows.
- IAS 32 "Offsetting Financial Assets and Financial Liabilities": - In December 2011, the IASB issued amendments to IAS 32 "Offsetting Financial Assets and Financial Liabilities" ('amendments to IAS 32'). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 "Financial Instruments – Presentation" ('IAS 32'). The amendments are effective for annual periods beginning on or after 1 January 2014. The CSi group is currently evaluating the impact of adopting the IAS 32 amendments.

Certain reclassifications have been made to the prior year Condensed Consolidated Interim Financial Statements of the CSi group to conform to the current year's presentation. These reclassifications are not material.

b) Other

The financial information included in these Condensed Consolidated Interim Financial Statements does not constitute statutory accounts within the meaning of section 435 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2011 were approved by the Directors on 29 March 2012 and were delivered to the Registrar of Companies following publication. The auditors' report on these accounts was unqualified and did not include a statement under sections 237(2) (accounting records or returns inadequate or accounts not agreeing with records and returns) or 237(3) (failure to obtain necessary information and explanations) of the Companies Act 2006.

3. Segmental Analysis

Following the adoption of IFRS 8 -"Operating Segments", the Group has concluded that there are three reportable segments that are regularly reviewed by the Chief Operating Decision Maker ('CODM') when

assessing the performance and allocation of resources. These segments are based on products and services offerings of the CSi group:

Fixed Income: The fixed income division (FID) operates in rates, foreign exchange, credit, structured products trading, emerging markets, and commodities markets. The operations also include ongoing management and wind-down of legacy businesses in CDOs, RMBS origination, CMBS and Commodities. The product suite covers both cash and OTC derivatives including government bonds, corporate bonds, treasury bills, interest rate swaps, credit-default swaps, foreign exchange options, total return swaps, and listed options across product classes.

Equities: The activities of the equities division include sales, trading, financing, prime brokerage services and market-making in global equity and equity-related securities, options, futures, risk management and hedging products. Activities cover both exchange-traded and over-the counter traded securities, including American Depositary Receipts, restricted stocks, equity repurchases, block trade executions, program trading executions, equity derivatives and convertible securities.

Investment banking: The investment banking division (IBD) service offering includes mergers and acquisitions, debt, equity and other capital raising activities.

Segment performance is assessed by management based on the Monthly Board Summary report, which details revenues by segment. The CSi group assets and liabilities are not managed by segment. Expenses are managed as part of the wider CS group management processes and therefore, while the CODM does assess the overall expense base for the CSi group, it does not manage the expenses at a CSi group segment level.

In addition, certain revenue items are not directly allocated to the above business segments at a CSi company level. These items include transfer pricing, certain credit risk allocations, treasury and corporate centre allocations. These are not included as an operating segment as they are not separate business activities from which the CSi group may earn revenues.

Transactions between reportable segments are held at an arm's length basis and are included in the segment result.

The following table shows the external revenue of each operating segment during the periods:

	Six month period ended 30 June 2012	Six month period ended 30 June 2011
Revenues (USD million)		
Fixed Income	1,436	1,082
Equities	580	676
Investment banking	133	112
Total	2,149	1,870

The following table shows the CSi group's revenue by managed region which generates the revenue:

	Six month period ended 30 June 2012	Six month period ended 30 June 2011
Revenues (USD million)		
EMEA ¹	1,362	1,097
Americas	517	403
Switzerland	(14)	1
Asia	284	369
Total	2,149	1,870

¹ EMEA is defined as Europe, Middle East and Africa excluding Switzerland and Luxembourg.

Reconciliation of reportable segment revenues

	Six month period ended 30 June 2012	Six month period ended 30 June 2011
Reconciliation of reportable segment revenues (USD million)		
Total revenues for reportable segments – MIS	2,149	1,870
Revenue sharing agreement expense	(457)	(265)
Treasury term funding	(334)	(291)
Other corporate items	(94)	(67)
Release of/(Provision) for credit losses	41	(4)
CS Group to primary reporting reconciliations ¹	30	(12)
Net Revenues per statement of comprehensive income	1,335	1,231

1. This is the difference between the monthly board summaries which are prepared on a US GAAP basis and the CSi accounts prepared in accordance with IFRS.

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

CSi Group Assets:

Non-current assets, other than financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts, consist of property and equipment, investment property and intangible assets totalling USD 1,221 million (31 December 2011: USD 1,265 million), all of which are located in EMEA.

4. Net Interest Expense

	Six month period ended 30 June 2012	Six month period ended 30 June 2011
Net interest expense (USD million)		
Other loans and receivables	296	341
Securities purchased under resale agreements and securities borrowing transactions	80	71
Cash collateral paid on OTC derivatives transactions	91	113
Cash and cash equivalents and loans	115	69
Interest income	582	594
Deposits	(2)	(2)
Short term borrowings	(226)	(120)
Securities sold under resale agreements and securities lending transactions	(40)	(24)
Long term debt	(293)	(337)
Cash collateral received on OTC derivatives transactions	(95)	(123)
Interest expense	(656)	(606)
Net interest expense	(74)	(12)

5. Release of Provision/(Provision) for Credit Losses

The net release of provision for credit losses of USD 41 million (six months ended 30 June 2011: provision USD (4) million) comprises additional provision for credit losses of USD (6) million (six months ended 30 June 2011: USD (19) million) and a release of provision for credit losses of USD 47 million (six months ended 30 June 2011: USD 15 million).

6. Commission and Fee Income/(Expense)

	Six month period ended 30 June 2012	Six month period ended 30 June 2011
Commission and fee income/(expense) (USD million)		
Lending business	79	89
Other customer services	(78)	(112)
Net commission and fee income/(expense)	1	(23)
Total commission and fee income	79	89
Total commission and fee expense	(78)	(112)
Net commission and fee income/(expense)	1	(23)

7. Revenue Sharing Agreements Expense

The revenue sharing agreements expense of USD 457 million (Six months ended 30 June 2011: USD 265 million) principally relates to amounts allocated to the CSi group from other companies in the CS group under transfer pricing policies.

8. Compensation and Benefits

	Six month period ended 30 June 2012	Six month period ended 30 June 2011
Compensation and Benefits (USD million)		
Salaries and variable compensation	(193)	(288)
Social security	(23)	(34)
Pensions	(15)	(9)
Other	(2)	(2)
Compensation and benefits	(233)	(333)

9. General and Administrative Expenses

	Six month period ended 30 June 2012	Six month period ended 30 June 2011
General and administrative expenses (USD million)		
Amortisation expenses	(73)	(58)
Depreciation expenses	(33)	(36)
Impairment of intangible assets and investment property	(14)	-
Commission expenses	(160)	(231)
Professional services	(10)	(27)
CSG trademark	(10)	(15)
Marketing data, publicity and subscriptions	(10)	(10)
Net overheads allocated from other CS group entities	(269)	(328)
Other	(20)	(25)
General and administrative expenses	(599)	(730)

During 2011 the UK Government introduced a new tax, the UK Bank Levy, for all Banks and Banking groups operating in the UK. The tax is charged on a firm's liabilities as at the statement of financial position date (i.e. 31 December 2012) at a rate of 8.8 basis points for all short-term liabilities and 4.4 basis points for long-term liabilities. The rate for 2013 has been further increased to 10.5 basis points for all short-term liabilities and 5.25 basis points for long-term liabilities. Under current accounting requirements, the Bank Levy charge will only be recognised in the financial statements on 31 December each year. The estimate for the liability in respect of 2012 is USD 50 million.

10. Net Gains from Financial Assets/Liabilities at Fair Value Through Profit or Loss

	Six month period ended 30 June 2012	Six month period ended 30 June 2011
Net gains from financial assets/liabilities designated at fair value through profit or loss (USD million)		
Interest rate	1,942	2,069
Foreign exchange	(294)	(1,310)
Equity	99	170
Commodity	85	246
Credit	(47)	250
Other	45	105
Total net gains from financial assets/liabilities at fair value through profit or loss	1,830	1,530

11. Trading Financial Assets and Liabilities at Fair Value Through Profit or Loss

	30 June 2012	31 December 2011
Trading financial assets at fair value through profit or loss (USD million)		
Debt securities	32,024	28,751
Equity securities	14,547	14,647
Derivative instruments	525,741	529,346
Other	1,013	1,990
Trading financial assets at fair value through profit or loss	573,325	574,734

	30 June 2012	31 December 2011
Trading financial liabilities at fair value through profit or loss (USD million)		
Short positions	10,124	10,490
Derivative instruments	536,491	540,734
Total trading financial liabilities at fair value through profit or loss	546,615	551,224

12. Income Tax

	Six month period ended 30 June 2012	Six month period ended 30 June 2011
Income tax (USD million)		
Current tax	21	(4)
Deferred tax	(499)	(129)
Income tax charge	(478)	(133)

The income tax charge for the period can be reconciled to the profit per the Condensed Consolidated Interim Statement of Comprehensive Income as follows:

	Six month period ended 30 June 2012	Six month period ended 30 June 2011
Income tax reconciliation (USD million)		
Profit before tax	503	168
(Profit) / Loss before tax multiplied by the UK statutory rate of corporation tax of 24.5% (2011: 26.5%)	(123)	(45)
Effect of different tax rates of operations/subsidiaries operating in other jurisdictions	(1)	(8)
Effect of deferred tax resulting from changes to tax rates	(76)	(64)
Other permanent differences	35	(15)
Adjustments to current tax in respect of previous periods	13	(1)
Adjustments to deferred tax in respect of previous periods	(2)	-
Impact of APA	(324)	-
Income tax charge	(478)	(133)

Deferred taxes are calculated on all temporary differences under the liability method using an effective tax rate of 24% (six months ended 30 June 2011: 28%).

On 21 March 2012, the Government announced that the corporation tax rate applicable from 1 April 2012 would be 24%. This change was substantively enacted on 26 March 2012. The substantively enacted reduction in the UK corporation tax rate to 24% with effect from 1 April 2012 has been incorporated in the Group's deferred tax calculations as at 30 June 2012. The change in the UK corporation tax rate to 24% has resulted in a reduction of the Group's net deferred tax asset as at 30 June 2012 of USD 76 million.

In addition, the Finance Act 2012, which passed into law on 17 July 2012, included a further reduction in the UK corporation tax rate from 24% to 23% with effect from 1 April 2013.

If the rate change from 24% to 23% had been substantively enacted on or before the balance sheet date it would have had the effect of reducing the deferred tax asset recognised at that date by a further USD 56 million.

In the second quarter of 2012, the UK and US tax Authorities advised CSi group that they reached agreement on the Credit Suisse Advanced Pricing Agreement ("APA") application for the period 2004-2011. The APA sets out the transfer pricing methodology which determines the allocation of profits and losses to be taxed in each jurisdiction. As a result of this agreement, CSi has reduced losses carried forward as at 30 June 2012 by USD 834 million which results in an income tax expense of USD 324 million and an overall reduction in CSi's net deferred tax asset of USD 334 million.

The deferred tax asset has been recognised in full on the basis that there is sufficient probability that future taxable profit will be available against which the CSi group can utilise these benefits. This is based on management's assessment that it is probable that the CSi group will have taxable profits against which the unused tax losses and deductible temporary differences can be utilised. Generally, in determining the amounts of deferred tax assets to be recognised, management considers available evidence including forecast operating income and, where applicable, a review of the eligible carry-forward periods, tax planning opportunities and other relevant considerations.

13. Long Term Debt

	Balance as at 1 January 2012	Issuances	Repayments and other movements	Translation FX and Interest movements	Balance as at 30 June 2012
Long term debt (USD million)					
Senior debt	20,471	30	(307)	(140)	20,054
Subordinated debt	11,202	-	(3,167)	168	8,203
Total Long Term Debt	31,673	30	(3,474)	28	28,257

	Balance as at 1 January 2011	Issuances	Repayments and other movements	Translation, FX and Interest movements	Balance as at 31 December 2011
Long term debt (USD million)					
Senior debt	19,569	2,977	(1,570)	(505)	20,471
Subordinated debt	10,860	-	-	342	11,202
Total Long Term Debt	30,429	2,977	(1,570)	(163)	31,673

The reduction in subordinated debt includes all the callable subordinated loans (issued by Credit Suisse PSL GmbH and Credit Suisse First Boston Finance B.V.) amounting to USD 2,963 million which have been redeemed and replaced by new participating shares, i.e. ordinary shares with no voting rights, as part of the capital restructuring in February 2012 (refer to Note 15 Called up share capital and share premium for further details).

14. Derivatives

30 June 2012	Positive fair value	Negative fair value
Derivatives (USD million)		
Interest rate products	782,479	772,470
Foreign exchange products	50,928	67,918
Precious metals products	1,806	1,824
Equity/indexed-related products	35,159	38,732
Credit products	56,164	55,204
Other products	5,555	4,938
Total Derivative Instruments	932,091	941,086

31 December 2011	Positive fair value	Negative fair value
Derivatives (USD million)		
Interest rate products	789,740	780,323
Foreign exchange products	54,838	73,674
Precious metals products	2,238	2,272
Equity/indexed-related products	37,444	40,063
Credit products	72,781	71,236
Other products	7,793	7,851
Total Derivative Instruments	964,834	975,419

	30 June 2012		31 December 2011	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Derivatives instruments (USD million)				
Fair values (trading and hedging) before netting	932,091	941,086	964,834	975,419
Fair values (trading and hedging) after netting	525,741	536,491	529,346	540,734

PAF2 transaction

The CSi group results are impacted by the risk of counterparty defaults and the potential for changes in counterparty credit spreads related to derivative trading activities of CSi. In the first quarter of 2012, CS group through CSi and its non-consolidated affiliates entered into the PAF2 transaction to hedge the counterparty credit risk of a referenced portfolio of derivatives and their credit spread volatility. The hedge covers approximately USD 12 billion notional amount of expected positive exposure from counterparties of CSi, and is addressed in three layers: (i) first loss (USD 0.5 billion), (ii) mezzanine (USD 0.8 billion) and (iii) senior (USD 11 billion).

The first loss element is retained by CSi and actively managed through normal credit procedures. The mezzanine layer is hedged by transferring the risk of default and counterparty credit spread movements to eligible employees of the CS group in the form of PAF2 awards, as part of their deferred compensation granted in the annual compensation process. CSi has purchased protection on the senior layer to hedge against the potential for future counterparty credit spread volatility. This was executed through a CDS, accounted for at fair value, with a third-party entity. An unconsolidated affiliate of the CSi group (the 'Affiliate') also has a credit support facility with the third-party entity that requires the Affiliate to provide funding to the third-party entity in certain circumstances. Under the facility, the Affiliate may be required to fund payments or costs related to amounts due by the entity under the CDS, and any funded amount may be settled by the assignment of the rights and obligations of the CDS to the Affiliate. The transaction overall is a four-year transaction, but can be extended to nine years. CSi has the right to terminate the third-party transaction for certain reasons, including certain regulatory developments.

15. Called-up Share Capital and Share Premium

	30 June 2012	31 December 2011
Authorised share capital (USD)		
Ordinary voting shares of USD 0.1 each (31 December 2011: USD 1 each)	13	125
Participating non-voting shares of USD 0.1 each (31 December 2011: USD 1 each)	Unlimited	7,224,999,375
Class A Participating non-voting shares of USD 1 each	-	500
Class B Participating non-voting shares of USD 0.1 each (31 December 2011: USD 1 each)	Unlimited	-
Preference Shares of USD 25,000,000 each	-	275,000,000
Class A Preference Shares of USD 1 each	-	250,000,000
Class B Preference Shares of USD 1 each	-	600,000,000
Class C Preference Shares of USD 1 each	-	800,000,000
Class D Preference Shares of USD 1 each	-	600,000,000
Class E Preference Shares of USD 1 each	-	700,000,000
Class F Preference Shares of USD 1 each	-	750,000,000
Class G Preference Shares of USD 1 each	-	800,000,000
Class H Preference Shares of USD 1 each	-	700,000,000
Class I Preference Shares of USD 1 each	-	1,500,000,000
Class J Preference Shares of USD 1 each	-	1,400,000,000
Class K Preference Shares of USD 1 each	-	200,000,000
		15,800,000,000

	30 June 2012	31 December 2011
Allotted, called up and fully paid share capital (USD)		
Ordinary voting shares of USD 0.1 each (31 December 2011: USD 1 each)	13	125
Participating non-voting shares of USD 0.1 each (31 December 2011: USD 1 each)	494,512,364	4,389,568,088
Class A Participating non-voting shares of USD 1 each	-	200
Class B Participating non-voting shares of USD 0.1 each (31 December 2011: USD 1 each)	910,977,777	-
Class A Preference Shares of USD 1 each	-	250,000,000
Class C Preference Shares of USD 1 each	-	350,000,000
Class D Preference Shares of USD 1 each	-	300,000,000
Class E Preference Shares of USD 1 each	-	535,000,000
Class H Preference Shares of USD 1 each	-	700,000,000
Class I Preference Shares of USD 1 each	-	1,500,000,000
Class J Preference Shares of USD 1 each	-	1,400,000,000
Class K Preference Shares of USD 1 each	-	200,000,000
	1,405,490,154	9,624,568,413

	30 June 2012	31 December 2011
Share Premium (USD)		
Opening balance	1,016,106,287	1,016,106,287
Reduction in face value of Ordinary shares	112	-
Transfer of Participating shares relating to capital restructuring	3,950,611,279	-
Transfer of Preference shares relating to capital restructuring	5,235,000,000	-
Issuance of Participating shares relating to capital restructuring	(581,666,666)	-
Conversion of subordinated debt to Participating shares relating to capital restructuring	2,634,488,889	-
Issuance of Participating shares	444,444,444	-
Closing balance	12,698,984,345	1,016,106,287

As part of a restructuring of CSi's capital structure, the following transactions occurred during the six months ended 30 June 2012:

On 6 February 2012, CSi passed a special resolution to undergo a capital restructuring in accordance with the Companies Act 2006. The purpose of the capital restructuring was to be compliant with regulatory capital requirements. The salient features of the restructure were as follows:

- 125 Ordinary Voting shares of USD 1 were reduced to USD 0.1 per share, with USD 13 remaining in Share Capital and USD 112 transferred to Share Premium.
- 43,895,680,088 Participating non-voting shares of USD 1 were reduced to USD 0.1 per share, with USD 438,956,809 remaining in Share Capital and USD 3,950,611,279 transferred to Share Premium.
- 200 Class A Participating non-voting shares of USD 1 per share were cancelled.
- All preference shares in issue (class A, C, D, E, H, I, J and K) totalling USD 5,235,000,000 were replaced by new Class B Participating shares. Share Capital increased by USD 581,666,666 as a result and Share Premium by USD 4,653,333,334.
- Subordinated Debt totalling USD 2,963,800,800 was repaid and replaced by Class B Participating shares, with USD 329,311,111 credited to Share Capital and USD 2,634,488,889 credited to Share Premium.

On 29 February 2012, CSi issued 555,555,555 Participating shares of USD 0.1 each allotted and issued in cash, with USD 55,555,556 credited to Share Capital and USD 444,444,444 credited to Share Premium.

The Ordinary Shares carry voting rights but do not carry the right to receive dividends.

The Participating Shares and Class B Participating Shares do not carry voting rights but carry the right to receive dividends. In all other respects the Participating Shares, Class B Participating Shares and the Ordinary Shares rank *pari passu*.

16. Contingent Liabilities and Commitments

The CSi Group has contingent liabilities and commitments, entered into in the ordinary course of business, in respect of forward rate agreements, Over The Counter ('OTC') futures, interest rate and currency swaps, options, spot and forward foreign exchange contracts and other OTC off-balance sheet instruments.

The following contingent liabilities and commitments were entered into since 31 December 2011:

On 2 April 2012, CSi registered a Securities and Cash Pledge Agreement with Dekabank Deutsche Gironzentrale for all monies due or to be come due from the Bank on any account under the terms of instrument.

On 24 April 2012, CSi registered a Security Deed with Xanthos Arrow Index Trust on all present and future right in the assigned contracts in the name of Credit Suisse International FLP 4091 for all monies due or to become due under the terms of the deed.

On 30 May 2012, CSi registered a Euroclear Security Agreement with Migros Bank AG for all monies due or to become due under the terms of the Instrument.

On 30 May 2012, CSi registered a Euroclear Security Agreement with Citibank N.A., London Branch for all monies due or to become due under the terms of the instrument.

On 1 June 2012, CSi registered a Euroclear Security Agreement with Societe Generale SA for all monies due or to become due under the terms of the instrument.

On 6 June 2012, CSi registered a Euroclear Security Agreement with DZ Bank AG for all monies due or to become due under the terms of the instrument.

On 27 June 2012, CSi created a Security Agreement with H. Hentsch Assest Management SA for all monies due or to become due to the certificate holders under the terms of the instrument.

17. Related Party

CSi group is controlled by Credit Suisse Group AG, its ultimate parent, which is incorporated in Switzerland. CSi's parent company, who holds a majority of the voting rights in the undertaking, is Credit Suisse AG, which is also incorporated in Switzerland.

The CSi group has significant related party balances with subsidiaries and affiliates of CSG. These transactions largely comprise derivative trades, as the Bank is the principal risk taker for derivatives within the CS group, as well as funding trades via the use of loans/deposits and repurchase/resale agreements. The CSi group is also charged by other CS group companies for operating costs which mainly relate to employee-related services and other business expenses.

The CSi group generally enters into the above transactions in the ordinary course of business on market terms that could be obtained from unrelated parties.

The nature of related party transactions remained consistent for the six months ended 30 June 2012 compared to the year ended 31 December 2011.

18. Financial Instruments Risk Position

The CS group, of which the CSi group is a part, manages its risks under global policies. The CS group risk management process is designed to ensure that there are sufficient controls to measure, monitor and control risks in accordance with CS group's control framework and in consideration of industry best practices. The primary responsibility for risk management lies with CS group's senior business line managers. They are held accountable for all risks associated with their businesses, including counterparty risk, market risk, liquidity risk, operational risk, legal risk and reputation risk.

There have been no material changes in the risk management policies since the year ended 31 December 2011.

Development of trading portfolio risks

The table below shows the trading related market risk exposure for the CSi group, as measured by ten-day 99% VaR. The VaR in the table has been calculated using a three-year historical dataset. VaR estimates are computed separately for each risk type and for the whole portfolio using the historical simulation methodology. The diversification benefit reflects the net difference between the sum of the 99th percentile loss for each individual risk type and for the total portfolio. There is no material difference in VaR between the Bank and the CSi group.

Ten day, 99% VaR trading portfolios	Interest rate and credit spread	Foreign exchange	Commodity	Equity	Diversification benefit ¹	Total
30 June 2012 (USD million)						
Average	105	27	13	38	(77)	106
Minimum	76	17	6	23	²⁾	66
Maximum	139	70	29	83	²⁾	150
End of period	104	27	13	33	(76)	101
31 December 2011 (USD million)						
Average	232	52	38	59	(194)	187
Minimum	135	17	9	16	²⁾	102
Maximum	348	466	102	262	²⁾	364
End of period	138	70	10	46	(115)	149

1) VaR estimates are calculated separately for each risk type and for the whole portfolio using the historical simulation methodology. Diversification benefit reflects the net difference between the sum of the 99% percentile loss.

2) As the minimum and maximum occur on different days for different risk types, it is not meaningful to calculate a portfolio diversification benefit.

VaR results

The Bank's ten-day, 99% regulatory VaR as of 30 June 2012 was USD 101 million (31 December 2011: USD 149 million).

Various techniques are used to assess the accuracy of the VaR model used for trading portfolios, including back testing. In line with industry practice, the Bank presents back testing using actual daily trading revenues. Actual daily trading revenues are compared with VaR calculated using a one-day holding period. A back testing exception occurs when the daily loss exceeds the daily VaR estimate.

Interest rate sensitivity position in the non-trading portfolio

Interest rate risk on non-trading positions is shown below using sensitivity analysis that estimates the potential change in value resulting from defined changes in interest rate yield curves. The impact of a one-basis-point parallel increase in yield curves on the fair value of interest rate-sensitive non-trading book positions would have been an increase of USD 2 million as of 30 June 2012 and as of 31 December 2011. Non-trading interest rate risk is assessed using other measures including the potential value change resulting from a significant change in yield curves. As of 30 June 2012, the fair value impacts of 200-basis-point move in yield curves (flooring at zero where appropriate) was:

+200bps increase of USD 399 million (31 December 2011: USD 443 million)

-200bps decrease of USD 226 million (31 December 2011: USD 335 million)

The fair value impact of a statistical one-year, 99% adverse change in yield curves was a decrease of USD 135 million. Both measures are significantly below the 20% threshold used by regulators to identify firms that potentially run excessive levels of non-trading interest rate risk.

Net Counterparty Exposure before Collateral by Internal Rating

	30 June 2012		31 December 2011	
	USD million	%	USD million	%
AAA	3,948	4	7,048	8
AA+ to AA-	20,734	23	19,665	21
A+ to A-	31,972	36	32,920	36
BBB+ to BBB-	16,293	19	16,536	18
BB+ to BB-	8,180	9	8,518	9
B+ and below	7,341	9	7,684	8
	88,468	100	92,371	100

Net Unsecured Exposure by Internal Rating (including provisions)

	30 June 2012		31 December 2011	
	USD million	%	USD million	%
AAA	4,019	12	6,521	19
AA+ to AA-	8,517	27	8,203	23
A+ to A-	9,139	28	9,641	28
BBB+ to BBB-	4,424	14	5,139	15
BB+ to BB-	2,206	7	1,733	5
B+ and below	3,736	12	3,788	11
	32,041	100	35,025	100

19. Fair Value Disclosure

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The fair value of the majority of the CSi group's financial instruments is based on quoted prices in active markets or observable inputs. These instruments include government and agency securities, certain commercial papers, most investment grade corporate debt, certain high yield debt securities, exchange-traded and certain OTC derivative instruments and most listed equity securities.

In addition, the CSi group holds financial instruments for which no prices are available and which have little or no observable inputs. Further deterioration of financial markets could significantly impact the value of these financial instruments and the results of operations. For these instruments, the determination of fair value requires subjective assessment and varying degrees of judgment, depending on liquidity, concentration, pricing assumptions, the current economic and competitive environment and the risks affecting the specific instrument. In such circumstances, valuation is determined based on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. These instruments include certain OTC derivatives, most mortgage-related and Collateralised Debt Obligation (CDO) securities, certain equity derivatives and equity-linked securities, certain loans and credit products, including leveraged finance, certain syndicated loans and certain high-grade bonds, and life insurance instruments.

The fair value of financial assets and liabilities is impacted by factors such as benchmark interest rates, prices of financial instruments issued by third parties, commodity prices, foreign exchange rates and index prices or rates. In addition, valuation adjustments are an integral part of the valuation process when market prices are not indicative of the credit quality of counterparty, and are applied to both OTC derivatives and debt instruments. The impact of changes in a counterparty's credit spreads (known as credit valuation adjustments) is considered when measuring the fair value of assets and the impact of changes in the CSi group's own credit spreads (known as debit valuation adjustments) is considered when measuring the fair value of its liabilities. For OTC derivatives, the impact of changes in both the CSi group's and the counterparty's credit standing is considered when measuring their fair value, based on current Credit Default Swap (CDS) prices. The adjustments also take into account contractual factors designed to reduce the CSi group's credit exposure to counterparty, such as collateral held and master netting agreements. For hybrid debt instruments with embedded derivative features, the impact of changes in the CSi group's credit standing is considered when measuring their fair value, based on current funded debt spreads.

Fair value hierarchy

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

- Level 1: Quoted market prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: Inputs other than quotes prices included within Level 1 that are observable for the asset or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3: Inputs for the asset or liability that is not based on observable market data (unobservable inputs).

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

30 June 2012 (USD million)	Quoted Prices in active markets for the same instruments (Level 1)	Valuation techniques observable inputs (Level 2)	Valuation techniques unobservable inputs (Level 3)	Impact of netting	Total at fair value
Assets	31,416	950,939	17,660	(406,350)	593,665
Liabilities	16,547	957,884	13,693	(404,595)	583,529

31 December 2011 (USD million)	Quoted Prices in active markets for the same instruments (Level 1)	Valuation techniques observable inputs (Level 2)	Valuation techniques unobservable inputs (Level 3)	Impact of netting	Total at fair value
Assets	21,260	987,179	20,483	(435,487)	593,435
Liabilities	12,620	989,126	15,515	(434,685)	582,576

Transfers across fair value levels

The following table shows the transfers across levels:

30 June 2012	Assets	Liabilities
Transfers across fair value levels (USD million)		
Transfer out of level 1 to level 2	98	5
Transfer out of level 2 to level 1	4,212	4,334
Transfer out of level 2 to level 3	1,137	1,121
Transfer out of level 3 to level 2	1,506	1,650

31 December 2011	Assets	Liabilities
Transfers across fair value levels (USD million)		
Transfer out of level 1 to level 2	399	-
Transfer out of level 2 to level 1	6,898	5,773
Transfer out of level 2 to level 3	4,539	2,234
Transfer out of level 3 to level 2	3,906	3,725

The reasons for the transfers were as follows:

Transfers between level 1 and level 2

All transfers between level 1 and level 2 are reported through the last day of the reporting period.

Transfers to level 1 out of level 2 were from trading assets and trading liabilities. The transfers were primarily in exchange traded derivative instruments as they moved closer to maturity and pricing inputs became more observable.

Transfers out of level 1 to level 2 were primarily from trading assets. The transfers were primarily in equity as suitable closing prices were unobtainable.

Transfers between level 2 and level 3

The transfers from level 2 to level 3 are mainly driven by lack of observable market data/consensus data.

The transfers from level 3 to level 2 are mainly driven by the move of all sovereign guaranteed positions to level 2 as these positions can be directly price tested against the sovereign guarantor.

20. Subsequent events

Following the repurchase of certain subordinated debt instruments, on 16 August 2012 additional share capital totalling USD 202 million was raised through the issuance of a further 2,021,658,519 Participating, non-voting shares of USD 0.1 each allotted and issued in cash at par which will contribute to core Tier 1 equity.

Credit Suisse International

Independent Auditors' Review Report to the Members of Credit Suisse International

Introduction

We have been engaged by Credit Suisse International (the "Bank") to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2012 which comprises the condensed consolidated interim statements of comprehensive income, financial position, changes in equity, cash flows for the period ended, and notes to the interim financial information ("the condensed consolidated interim financial statements"). We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Bank management in accordance with the terms of our engagement to assist the Bank in meeting the requirements of the Disclosure and Transparency Rules ("the DTR") of the UK's Financial Services Authority ("the UK FSA"). Our review has been undertaken so that we might state to the Bank those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Bank for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FSA. The annual consolidated financial statements of the CSi group are prepared in accordance with IFRSs as adopted by the European Union (EU). The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU.

Our responsibility

Our responsibility is to express to the Bank a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2012 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FSA.



H R Horgan

For and on behalf of KPMG Audit Plc

Chartered Accountants

15 Canada Square
London, E14 5GL
22 August 2012